FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Fresh crisis in Smith talks

As Britain circulated the parties involved in the Rhodesia internal settlement talks with proposals it put to the Patriotic Front in Malta this week, an atmosphere of crisis and hostility arose around the deadlocked Salisbury talks.

Amid fears for the future of the talks, delegations from the three nationalist groups and Mr. Ian Smith's Government met for an hour before adjourning until Tuesday so that they could study a plan put forward by the Rev. Ndabaningi Sithole's African National Council.

Earlier, Bishop Abel Muzorewa's United African National Council had accused the other participants of forming an "unholy alliance" against it and pledged itself to "putting up a fight." Page 4; Parliament, Page 8

Ethiopian jets attack Somalis

Ethiopia, using Soviet and U.S. aircraft, has launched concerted air attacks against Somali forces, heralding a counter-offensive in the Ogaden desert war, it was reported in Mogadishu.

Rig salvage bid

The 19,000-ton Norwegian exploratory oil rig, Orion, remained grounded in heavy seas on Guernsey's west coast as salvage experts prepared to start work. Picture, Page 6

Thatcher rebuked

Mr. Peter Walker, former Conservative Environment Secretary, interviewed in ITV's This Week last night, regretted the emotive language used by Mrs. Margaret Thatcher, the Conservative Party leader, when she spoke on TV of the danger of Britain being "swamped" by immigrants.

China call

Li Hsien-nien, a Chinese Vice-Premier, speaking at a Peking banquet for a special envoy from President Sadat of Egypt called for unity between the Arab countries and the Palestinians and attacked the Soviet Union. Mideast Back and Page 4. Teng Hsiao-ping, China's senior Vice-Premier, is due to begin a three-day visit to Nepal to-day. Chinese Army power struggle, Page 3

Enter P.R.

By a majority of 91 the Commons last night decided that the single transferable vote system of proportional representation should be used in Northern Ireland for the first direct election to the European Assembly Parliament. Page 8

Cancer grant

Edinburgh University has been given £800,000 by the Imperial Cancer Research Fund to set up a unit which will study medical care and drug and chemical treatment of cancer patients.

Kenya MPs caned

Two members of the Kenya Parliament were jailed and given one stroke of the cane each for stealing 485 bags of coffee worth £90,000.

Briefly . . .

Soviet cosmonaut Georgy Grechko, 46, orbiting in Salyut-6, yesterday broke the U.S. record of 84 days one hour and 16 minutes in space.

Getting married costs the average couple £2,200, according to a Wedding Day magazine survey.

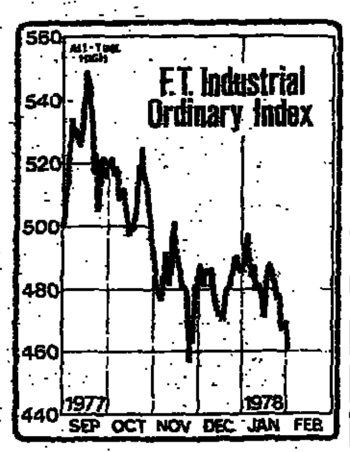
Damages of £92,515 were awarded in Manchester High Court to a man whose happy marriage was wrecked by brain damage caused in a coach crash.

Exports of antiques from Britain rose by nearly a third to £103m. last year, the Antiques Trade Gazette reports.

BUSINESS

Equities fall 9.3; gilts lower

● EQUITIES steadily lost ground, as concern over pay claims undermined market sentiment. The FT 30-Share Index



closed at the day's low of 460.5, off 9.3. The index is 16 per cent. below its peak of 549.2 last September.

● GILTS were also unsettled by concern about money supply growth. The FT Government Securities Index fell 0.45 to 75.65.

● STERLING gained 10 points to $1.9495 and its trade-weighted index rose to 66.7 (66.5). Dollar's trade-weighted depreciation narrowed to 4.50 (4.57) per cent.

● GOLD fell $1.50 to $174.625 in reaction to the IMF auction.

● WALL STREET rose 1.04 to 775.35.

● U.S. MONEY SUPPLY: M1 $337.9bn. ($337.2bn.); M2 $813.2bn. ($812bn.); commercial and industrial loans at major banks, down $219m. (down $712m.): Fed. funds 6.80 (6.72) per cent.; 90-119 day dealer-placed commercial paper 6.76 (6.79) per cent. Stockbrokers warn against excessive growth of U.K. money supply, Page 7

● U.K. RESERVES showed another moderate increase of $311m. last month to $20.87bn. Back Page

Senior managers would consider leaving Britain

● SENIOR managers have become so dissatisfied with conditions in the U.K. that 72 per cent. would consider working abroad, according to a survey by Opinion Research Centre. But only 27 per cent. of the managers polled said they would seriously look for an overseas job within the next three years. Back and Page 13

● LEYLAND is appointing a 44-year-old American from outside the motor industry, Mr. William Pratt Thompson, as head of the new specialist car group covering Jaguar, Rover and Triumph. Page 6

● PLANS for a fully computerised U.K. taxation system are being pushed ahead so that the Government can consider possible changes in tax structures and tax collection methods, including self-assessment schemes. Back Page

● STOCK EXCHANGE turnover in equities rose £0.3bn. to £1.6bn. last month, but business in gilts fell £0.5bn. to £11.5bn. Page 28

COMPANIES

● AIRCO of the U.S. is holding talks with companies which may be prepared to make a rival take-over bid in opposition to BOC. Airco has filed a legal suit to try to overturn BOC's purchase of 1.8m. shares. Back Page

● ALLIED TEXTILE made record pre-tax profit of £3.04m. (£2.16m.) in the year to September 30. Page 18 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

British Leyland	25	+ 5
Caravans Intnl.	85	+ 5
Centreway	192	+ 7
Concrete (Ireland)	120	+ 15
Cope Sportswear	85	+ 10
WGI	94	+ 7
Durban Deep	350	+ 39
EZ Inds.	165	+ 5
Peko-Wallsend	430	+ 35
Union Corporation	264	+ 12
Wit. Nigel	63	+ 6

FALLS

Treas. 14pc '82	£112⅞	— ⅞
Treas. 10½pc '99 (£55 paid)	£53½	— ½
Assed. Fisheries	53	— 8
Assed. P. Cement	234	— 6
Beaumont Props.	88	— 8
Beecham	617	— 13
Bejam	63	— 5
Bluebird Conf.	160	— 7
Boots	197	— 8
General Accident	214	— 6
Glaxo	558	— 10
GUS A	276	— 8
Hawker Siddeley	178	— 8
Hillards	165	— 20
Hunting Gibson	204	— 11
Kwik Save	177	— 6
Ladbroke	184	— 12
Lloyds Bank	257	— 6
Marks and Spencer	138	— 4
Midland Bk. "New"	12pm	— 3
Mothercare	170	— 6
Northern Foods	111	— 4
Nurdin and Peacock	89	— 5
Royal Insurance	378	— 15
Sun Alliance	529	— 15
Taylor Woodrow	382	— 8
Turner Mnf.	113	— 6
Warner Estates	128	— 7
Wigfall (H.)	262	— 6

Jobless 'still 1m. in 1982 unless industry improves'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Unemployment will still be more than 1m. in 1982 unless there is a marked improvement in industrial performance even if the economy grows by 3½ per cent. a year, as officially projected. This was admitted yesterday by a senior Treasury economist in evidence to an all-party Commons committee.

Moreover, on the basis of an extrapolation of past export and import trends, a sustained growth of the economy at this rate would mean that it would be "very soon," and "not many years," before the current account was back in deficit.

In the short-term, problems about the growth of imports and a recent flattening in the rise in exports meant that the Treasury would have to look carefully at the new official forecasts to see if output was going to rise as much as the projected 3½ per cent.

This assessment was presented by Mr. Frank Cassell, an Under Secretary responsible for medium-term analysis, in answer to questions from the general sub-committee of the expenditure committee which is holding hearings on the annual spending White Paper.

Mr. Cassell emphasised that his view of what might happen on the basis of past trends made it all the more important that industrial performance should be improved along the lines of the industrial strategy objectives agreed on Wednesday at the National Economic Development Council.

Nevertheless, Mr. Cassell's assessment, regarded as distinctly gloomy by members of the sub-committee, is in marked contrast with the bullish speech about the economy last week-end by the Prime Minister.

Mr. Denis Healey, Chancellor, is believed to have presented a relatively pessimistic view of the possible outlook specially for the current account from mid-1979 onwards, in a paper for a Cabinet discussion on the economy.

Although full Treasury forecasts will not be available for a week or two, it seems likely that before taking account of any budget changes, the economy may grow by rather less than forecast last October and there could be a larger deterioration in the non-oil trade balance. Other economists, notably some monetarists, believe that output already is beginning to pick up strongly and they are more hopeful about unemployment.

Mr. Cassell was open and forthcoming during lengthy and blunt questioning. This came particularly from Mr. Brian Sedgemore, a Left-wing Labour MP, who produced a paper presenting a pessimistic view of the economic prospects written last April by Mr. C. Taylor, a Bank of England staff economist, and published last December in Tribune magazine.

Mr. Cassell argued that protectionism would be no solution. The present level of world trade worried him a good deal.

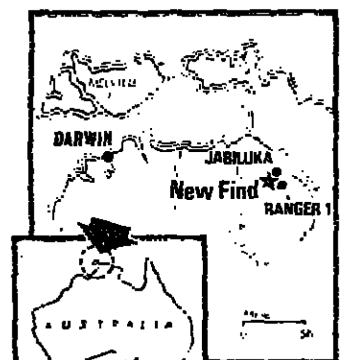
Continued on Back Page

Big uranium discovery in Northern Australia

FINANCIAL TIMES REPORTER

URANIUM, possibly as much as 1m. tonnes, which would be one of the world's biggest discoveries, has been found near Darwin in Australia's Northern Territory.

The partnership of Peko-Wallsend and EZ Industries, owner of the nearby Ranger uranium deposits, made the discovery.



Many countries with large nuclear power programmes, among them Britain, look to Australia as their main source of uranium fuel in the medium term.

Australia is generally estimated to have about 20 per cent. of the world's readily accessible uranium reserves outside the Eastern bloc.

According to Australian Government sources yesterday the new find is some five to ten times as big as the Ranger deposits, into the exploitation of which Canberra held a two-year inquiry.

Estimates at the inquiry put the Ranger deposits at 100,000 tonnes of uranium oxide, divided almost equally between two ore bodies.

The new finds by Peko and EZ are to the north of the Ranger deposits, and are reported as having up to 17 lb of uranium oxide a tonne, compared with 6 lb in Ranger.

Eight out of ten boreholes at Barote in the Alligator Rivers region have proved to have "significant" amounts of uranium.

Mr Doug. Anthony, Australian Minister for Trade and Resources, said: "The announcement justifies my confidence that the overall resources of the region could be considerably larger than the resources previously identified."

But he emphasised that it would still take some time to assess the discovery.

The Australian Government expects a start to construction of three mines in the Northern Territory after its decision last August to press ahead with exploitation of its uranium resources, in spite of some political opposition.

Its hand has since been strengthened by the decisive defeat of Labour in the General Election. Supporters of a ban on all uranium exports were looking to the party for political support.

Under an understanding reached in 1974 the Australian Government itself expects to finance 72.5 per cent. of the cost of developing the Ranger deposits.

Meanwhile, the Peko and EZ partners in Ranger are causing problems for the Government by continuing explorations into areas which, opponents claim, the Government has designated as part of the Kakadu National Park.

On Monday the Mining Warden's Court in Darwin will begin hearings to applications from the companies for a series of new mineral leases, some within the designated Ranger area, but others, it is alleged, outside it.

Mining News Page 20

French franc falls sharply

BY DAVID CURRY

PARIS, Feb. 2.

THE French franc was driven down sharply against leading currencies in Paris to-day in the first real threat to its stability for a year.

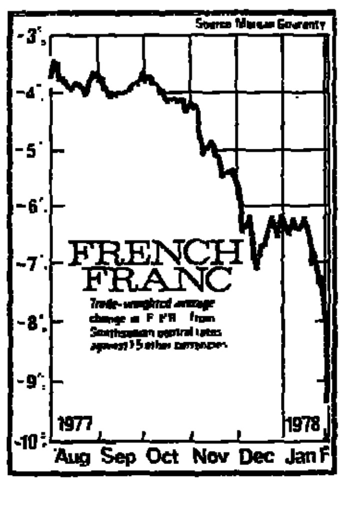
The Deutschemark went from Frs2.247 to a record Frs2.286 during the day's trading. The dollar moved from Frs4.78 to Frs4.83.

Sterling ended the day at Frs9.428 against Frs9.253.

The attack on the franc first developed yesterday on overseas foreign exchange markets. In the face of what could be a series of pre-election speculative moves against the franc, the Bank of France entered the market.

Yesterday it spent about $10m. in support of the franc. To-day officials put the intervention at $100m. Some dealers said it was much higher.

The decision to sell foreign exchange is taken as an indication that the bank thinks the pressure is transitory. In the event of sustained selling it would certainly choose to force up interest rates.



The recent attacks by M. Raymond Barre, the Prime Minister, on M. Francois Mitterand, the Socialist leader, accusing him of wanting to provoke a constitutional crisis if the Left wins the March general election, contributed to the nervousness.

So probably did a typically hard-line television appearance last night by M. Georges Marchais, the Communist leader.

Colin Millham writes: The substantial intervention by the French authorities failed to prevent the French franc closing in London at its lowest level of the day against the dollar, at Frs4.8475, compared with Frs4.7725 on Wednesday.

Pressure on the franc began in late trading on Wednesday, leading to speculation that the original selling of the currency came from New York.

The Canadian dollar was also weak yesterday, falling below 90 U.S. cents before central bank intervention pushed it back to 90.16½ cents at the close, compared with 90.23¼ previously.

Other major currencies were generally quiet.

The French gold rush Page 3

Pay code blacklist battle likely

BY RICHARD EVANS
LOBBY EDITOR

THE GOVERNMENT is threatened with a major political battle next week over its clash with the Sun Alliance and London Insurance Group and with the 19 companies that have been blacklisted for breaching the pay code.

The issue led to a sharp clash between Mr. Callaghan and Mrs. Thatcher in the Commons yesterday. The Conservatives later decided to force a debate next Tuesday to oblige Ministers to justify a policy that has no statutory backing.

Another purpose of the debate is to underline the split in the Government's ranks following the tabling of a Commons motion by nearly 30 Left-wing Labour MPs, condemning the use by the Government of sanctions against companies who have negotiated pay settlements above the 10 per cent. guideline.

Mr. Callaghan stonewalled all challenges by Mrs. Thatcher and Tory MPs to explain the authority on which the blacklist was based. Inclusion on the list means that companies can be starved of Government contracts and orders.

The nearest the Premier came to a defence was when he warned, to Conservative howls of protest: "I hope the Opposition and those who may be considering taking the Government to law on this will also consider the impact if wages go away on a runaway race again with the resulting inflation which we have so painfully now overcome."

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Mrs. Thatcher and other Tories were totally dissatisfied with this argument for operating sanctions against companies that have broken no law and are threatening to turn the issue into one of acute embarrassment for the Government.

The debate next week will be based on an accusation of misuse of Government discretionary powers.

During the Commons exchanges, Mr. Robert McCrindle, Conservative MP for Brentwood and Ongar, pressed Mr. Callaghan for an explanation of the Government's threat to force Sun Alliance to cut its premiums.

He argued that the company had every right to take perfectly reasonable management decisions to improve employee pensions.

Mr. Callaghan replied that he understood Sun Alliance was proposing to challenge the so-called "secret report" prepared by the Department of Trade on the company's staff pension scheme.

Power men and miners reject offer

BY CHRISTIAN TYLER, LABOUR EDITOR

UNIONS representing miners and power workers—two of the country's strongest industrial groups—yesterday rejected pay offers to the limit of the Government's pay guidelines.

After yesterday's meeting with the National Coal Board, negotiators of the National Union of Mineworkers decided to by-pass the Board and go straight to the Government and TUC to challenge the rules.

It is the first time in the current pay round that a union has taken such a line so early in negotiations. The miners' room for manoeuvre was curtailed because they have already clinched productivity payments exempt from the incomes policy.

But they are also playing a waiting game. The dominant right-wing doubts that the miners have any stomach for a strike against the Government, and is guarding against a possible breakthrough by the workers in electricity supply.

Below

Unions representing the 90,000 power workers are to try for a better productivity offer on February 15.

Yesterday, the Electricity Council put forward the outline of a productivity deal on top of a 10 per cent. pay offer which Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, said was worth £3 a week at most.

This is far below the sums likely to be paid out to surface workers in mining, with whom the power workers compare themselves.

Mr. Chapple said there was unlikely to be industrial action before the current agreement expired at the end of March, but that the Council would have to improve the offer before then.

The unions urged the employers to go to the Government to look for ways to improve the offer.

Both the miners and power workers are likely to be balloted on the offers eventually. While some miners' leaders are confident that bonus payments have virtually eliminated chances of a No vote on the national wage deal, the power unions have much further to go in negotiations.

The miners' three senior officials, Mr. Joe Gormley, Mr Mick McGahey and Mr. Lawrence Daly, expect to meet Mr. Len Murray, TUC general secretary, next Tuesday to test reaction to their plan for an eight-month deal with the Coal Board, thus bringing the pay anniversary back to November. They want a longer-term deal with cost of living adjustments to run from November this year. The Board, however, said yesterday it could not entertain the idea before March next year.

They are also seeking a meeting, through Mr. Anthony Wedgwood Benn, Energy Secretary, with Treasury Ministers, and possibly the Prime Minister, to challenge the Government's interpretation of its own White Paper on the level of settlements. Negotiations with the Board resume next Wednesday.

Mr Gormley yesterday quoted the Ford Motor deal and the Sun Alliance insurance group's pensions agreement as evidence that the private sector was less restricted than the public sector.

"Just because we are in a public industry, we should not be hidebound by Government guidelines which have no authority in law," he said.

In the course of what Mr. Arthur Scargill, militant president of the Yorkshire miners, described as "non-negotiation," the Board declared that £75m., or 10 per cent. of the current wage bill, was available. It was for the union to decide how the money should be distributed.

Mr. Scargill's own move, backed by Mr. Emlyn Williams, South Wales president, to recommend rejection of the offer and industrial action, received no support.

The National Union of Mineworkers is claiming up to double existing day-wage rates, which range from £48.50 to £71.35.

After the electricity talks, Mr Chapple warned the employers to "gird their loins" for industrial action if a better offer was not forthcoming.

But the general impression was that the unions—who will now consider the offer individually—were trying to take some of the heat out of the negotiations.

The Electricity Council, within its 10 per cent. offer, proposed an increase in the present bonus rate, which (according to another union leader) would mean only £1.20 a week more for craftsmen.

The Council, he said, had been "straining at the leash" to find the extra £3 on a new self-financing productivity deal, and this was related to vague projections about future sales. Demand for electricity is still low, but expected to increase.

The four unions—the Electrical and Plumbing Trades Union, the General and Municipal Workers, the Transport and General Workers and the Amalgamated Union of Engineering Workers were unanimous in finding the offer "totally unacceptable."

£ in New York

—	February 2	Previous
Spot	$1.9495-9505	$1.9420-9430
1 month	0.06-0.11pm dis	[illegible]
3 months	0.25-0.30pm dis	[illegible]
12 months	0.50-0.60prem	0.50-0.60prem

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FEATURES

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EUROPEAN NEWS

EEC considers ban on aid for oil refinery expansion

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT BRUSSELS, Feb. 2.

THE EUROPEAN Commission is considering invoking its legal powers under the Rome Treaty to prohibit EEC governments from providing aid for the construction or expansion of basic oil refinery capacity until 1980, and possibly beyond. It also wants to halt further financing for such purposes from the EEC regional and social funds and the European Investment Bank.

These proposals, contained in a working document drawn up by the Commission's energy directorate, are aimed at helping ensure that the Common Market reduces its surplus refining capacity by a further 60m. tonnes a year by 1981-82. The Commission estimates that about 82m. tonnes have already been closed down voluntarily by the oil industry during the past year.

A new ban on state aids to investment is certain to be strongly opposed by Britain and Ireland, the only two countries planning a significant increase in their refinery capacity over the next few years. The U.K. plans to add about another 14m. tonnes capacity between now and the mid-1980s, when the Government hopes that about two thirds of North Sea oil production will be refined domestically.

Regional development grants under the U.K. Industry Act are being provided for the construction of a new refinery on the Cromarty Firth and for various up-grading facilities.

Both the U.K. and Irish Governments are understood to have registered their lack of enthusiasm for this and other points in the document when it was presented to officials on the EEC consultative committee on energy here earlier this week. The committee is due to discuss the paper again, before the Commission decides in about three weeks' time on the final proposals which it will send to the next EEC Energy Ministers' meeting, tentatively scheduled for March 21.

Strong support for EEC economic and monetary union has been given by representatives of the banking associations of the Nine at a meeting in Frankfurt. The Banking Federation said the objective *the EEC was created to achieve* could only be fully realised with complete monetary and economic union. The longer it was delayed, the greater the danger that the Community would eventually break up in disorder.

But Commission staff are confident that it has autonomous authority to impose a ban on both specific refinery aids and more general regional aids under Articles 92 and 93 of the Rome Treaty. These enable the Commission to compel governments to change or abolish state aid schemes judged incompatible with the Common Market, under threat of being taken to the European Court in Luxembourg.

Although the Commission usually challenges state aid on a case-by-case basis, blanket bans are not unheard of. It decided last year to prohibit all further national assistance to the construction of new synthetic fibre capacity, of which there is a substantial surplus in the EEC.

The Commission envisages a slightly more lenient approach to the construction of new conversion plant, which should be subject to prior consultation at the EEC level. It believes that it should be possible to grant Community and national aids in specific circumstances.

Another controversial Commission proposal is that it should draw up a voluntary target for average refinery through-put *in the EEC* each year. It would ask oil companies to supply on a confidential basis their forecasts for each refinery and actual through-put the previous year and would seek explanations for any significant departure from the target.

A legal obstacle could arise here because many EEC oil refineries are owned by the subsidiaries of U.S. oil companies, *whose right to co-operate in such consultations* is sharply restricted under the U.S. anti-trust laws.

On the *external front*, the Commisssion proposes recommending a maximum level of product imports to importers each year. In the longer-term, the EEC could impose ceilings on the amount of oil product imports which could be brought in duty-free.

Spanish court backs labour law

BY ROBERT GRAHAM MADRID, Feb. 2.

FOR THE first time a Madrid labour court has decided to accept the Labour Amnesty law. The law, approved by Parliament last October, entitles workers sacked under the Franco regime for union activities and political offences to full reinstatement.

Since the law was approved there has been considerable confusion over its application. In January, one labour court judge went so far as to declare the law unconstitutional

The new decision accepts a worker's right to reinstatemnet—*for abuse of rights recognised* in the 1966 International Convention of Economic, Social and Cultural Rights ratified by Spain last April.

The unions regard this as a major step forward in what has been an anomalous situation.

The labour amnesty was conceived by the Government as part of the package of measures needed to take Spain down the path towards democracy. It was the logical follow-up to the political amnesty granted to all those held in prison for political offences against the regime. However, it was more complex to execute. There was no specific directive to individual factories and companies to reinstate sacked workers.

Over the years, some 15,000 workers were sacked for political *reasons, mostly organisation* of illegal strikes, according to union sources. However, perhaps only a quarter—mostly in the heavily unionised engineering sector—are actively seeking reinstatement.

The attitude of most companies has been that the amnesty is for the labour courts to decide upon. Indeed, when two months ago, Sr. Marcelino Camacho, leader of the Communist Confederation of Workers Commissions appeared at Motor Iberica to seek reinstatement he was at first even refused entry at the plant gates.

The total absence of Government pressure on companies, even state-controlled companies, to observe what the unions regarded as a fundamental aspect of the return to *democracy in Spain created a* good deal of bitterness.

The latest court decision still means that each case will be treated on its merits, unless the managements concerned decide to change their attitude.

Soares presents new programme and calls for unity

BY JIMMY BURNS LISBON, Feb. 2

IN AN EMOTIONAL appeal for all political parties and the trade union movement to work in a spirit of conciliation that would allow Portugal to pull out of its economic crisis, Prime Minister Mario Soares to-night presented his Government's programme.

Contained in a 300-page *volume handed to members of* Parliament at the end of Sr. Soares's two-hour speech, the programme provides a firm foundation for resumption of talks with the International Monetary Fund (IMF) on a $750m. loan. As expected the programme proposes to reduce inflation (now at the annual rate of approximately 34 per cent.) to a rate of 20 per cent. through limits on wage rises, and to introduce a balanced budget in March.

It recognises the need to reduce the country's crippling balance of payments deficit, which now stands at around $1.2bn.

Nevertheless, it stresses that, in any future talks with the Fund, the question of devaluation of the Portuguese escudo will have to be carefully negotiated. "An excessively deflationary programme could eventually lead us to a vicious circle of stagnation," the programme warns.

It also points out the dangers of a rapid reduction of imports *to reduce the trade deficit*, and admits the impossibility of a short-term increase in exports.

For the rest, the new Government's programme, which will be voted on by the end of next week stresses the need for a new economic balance, recognising that the private sector as much as the public sector has a crucial part to play in the country's recovery.

Foreign investment, it stresses, *will be stimulated* by a firm commitment by the Government to compensate foreign companies which suffered during the revolution.

As expected, the programme also contains a declaration of intent regarding Portugal's *eventual entry* into the European Common Market.

Belgian discount rate cut

By David Buchan BRUSSELS, Feb. 2.

THE BELGIAN central bank yesterday further cut its discount rate by one point to 6.5 per cent.

The latest Central Bank survey shows that Belgian private business intends to increase investment by some 8 per cent. *during* the current year, in addition to pump-priming increases in public investment and works to B.Frs.205bn. (£3.2bn.) in the 1978 budget. Government officials see the *rosier outlook* of business as a reflection of some of last year's incentive measures, particularly the temporary suspension of the 5 per cent. VAT tax on new job, creating investment, and permission for faster depreciation.

But the Tindemans Government is worried enough about current levels of unemployment, now standing at over 300,000 to want to get the discount rate down to the 6 per cent. at which it stood for most of last year. It has been constrained by repayment of the B.Frs.23.4bn. debt it incurred with fellow "snake" country central banks last December in defence of the Belgian franc, then threatened by side effects of the fall in the dollar. By the end of last week this debt has been reduced to B.Frs.13.6bn.

As the biggest domestic borrower by far, the Government has also a strong stake in bringing down general interest rates. Last year's unexpectedly low growth and inflation rates reduced the 1977 tax intake and threw estimates of the public borrowing requirement out of gear. It now looks as though the planned B.Frs.23.9bn. budget deficit for 1978 may double or treble this figure, and that this in turn will jeopardise intentions of curbing public borrowing.

Three Ministers likely to go in West German Cabinet reshuffle

BY JONATHAN CARR BONN, Feb. 2.

A WEST *GERMAN* Cabinet reshuffle appeared imminent to-night, probably involving the resignation of three Ministers. Immediately at *issue* are the top defence, building, and education posts, though filling them may involve high-level changes at other ministries.

Chancellor Helmut Schmidt held *discussions* with Government *party* leaders and Cabinet members throughout much of the day. And to-night two Ministers—Herr Hans Jochen Vogel, the Justice Minister, and Herr Hans Matthoefer, the Technology Minister—cancelled engagements outside Bonn so that they could remain on hand in the capital.

The key ministerial change would be that of Herr Georg Leber, the Defence Minister. He offered his resignation yesterday, after telling the Cabinet he had unintentionally *misled Parliament* over a bugging affair by the Military Counter-Intelligence Service (MAD).

West German Industrial production rose by 1.5 per cent. *between November and December* according to provisional figures, writes Adrian Dicks. They showed a 2.5 per cent. rise in manufacturing output, and 3 per cent. in the building industry.

Herr Schmidt asked him to think the matter over again. But in talks to-day with party leaders on the MAD's activities, Herr Leber is understood again to have expressed his resolve to step down. *Further parliamentary* scrutiny of the bugging affair is likely in the weeks ahead.

Herr Leber (57) has held ministerial office in Bonn for more than 11 years, nearly six of them in the difficult defence job. He has been widely praised, both at home and in NATO. But the bugging incident is only the latest of a series of controversial affairs involving the *Defence Ministry*, and *Herr Leber* has been gradually losing support, even within the ranks of his own Social Democrat Party.

The two *other Ministers stepping* down are Herr Karl Ravens (building) and Herr Helmut Rohde (education). They would, *in any case*, have left later this year for reasons which have nothing to do with Herr Leber's departure.

Herr *Schmidt, however*, evidently wants to get a thorough reshuffle behind him before a key series of provincial elections gets under way in June. The possible removal of at least one other Minister has been widely rumoured, but there is no confirmation that the changes will, in fact, be more sweeping.

Herr Hans Apel, the Finance Minister, is considered a possible successor to Herr Leber, but it is also possible that Herr Schmidt may want to promote one or two bright young state-secretaries from the ranks. He *has taken a similar step before.*

● West Germany will halt production of most aerosol sprays because of fears they may be harming the atmosphere. Herr Gerhard Baum, Minister of State in the Interior Ministry, said in a radio interview, Reuter reports *from Stuttgart.*

Politics To-day, Page 17

Dockers urged to settle

BY ADRIAN DICKS BONN, Feb. 2.

WEST GERMAN dockers will be advised by their union to vote *to-morrow* for acceptance of a new compromise pay settlement, worked out after tough *bargaining* with the port employers late last night.

The deal would give the *20 000 dockers* the same 7 per cent increase in pay suggested last week-end for the 11 months beginning on February 1, plus a lump sum of DM115 for January. This formula would raise the annual average increment to about 7 per cent., while the dockers had complained that the earlier terms *meant an increase* not much above 6.4 per cent.

Leaders of their union, the OTV, have expressed confidence that the new terms will be accepted. Last week-end they were humiliated when the dockers threw out the original bargain on the basis of which the union had called off a five-day national strike — the first in West German ports since the last century

Herr Heinz Kluncker, the OTV President, who has not been *directly involved in the dispute,* tried to-day to play down the significance of the dockers' 7 per cent. incerase as a precedent for other sectors. It has been attacked as irresponsible, coming as the first major wage deal this year only a few days after the Government had published its annual economic forecasts setting a desirable upper limit of 5.5 per cent.

The dockers, Herr Kluckner *insisted, were a special case,* with a need to catch up in wage terms with the huge increases in productivity achieved through mechanical cargo handling in recent years. He said that the 7 per cent. settlement would not form a model for OTV's other forthcoming wage talks on behalf of public sector employees.

Company law tighter in Holland

By Charles Batchelor AMSTERDAM, Feb. 2.

THE STARTING-UP capital of new companies in Holland will be raised to Fls.35,000 (£7,950) from Fls.10,000 (£2,270) under a new Bill. The Ministry of Justice is also to investigate whether businessmen can be held personally responsible for the debts of limited companies.

These measures have been taken to prevent the abuse of company legislation. Dutch trade unions supported attempts to tighten up company law after it was discovered that bankruptcy petitions were being filed by directors of companies to avoid having to pay salaries, taxes and social security premiums.

The new Bill has been approved by the Lower House of *Parliament and* will *now go to* the Upper Chamber. It is expected to become law this year, a Justice Ministry spokesman said.

The Ministry will also tighten up procedures for vetting directors of new businesses

Iceland likely to devalue

By Jan H. Magnusson REYKJAVIK, Feb. 2

THE ICELANDIC krona is expected to be devalued soon by 10-15 per cent. It has been sliding gradually downward recently but not enough for *the hard-pressed fishing industry* —the main foreign-currency earner—which wants a new rate of Kr.250 to the dollar, against Kr.219 at present.

Fish prices were increased by 13 per cent. in January, but fish factories and freezing plants claim that they cannot meet the rise unless the krona is devalued by the end of February.

The krona has fallen about 3 per cent. against the dollar, and 4.5 per cent. against sterling since January 1.

EUROPEAN NEWS

Marchais believes pact still possible

BY ROBERT MAUTHNER

PARIS, Feb. 2.

THE FRENCH Communist leader, M. Georges Marchais, last night made it clear that there was still a reasonable chance that the Socialists and Communists would patch up their differences before the final round of next March's general election.

Interviewed on television, M. Marchais said that he was ready at any time to meet M. Francois Mitterrand, the Socialist leader, to discuss the Left, but only if they were treated as equal partners by the Socialists.

He said he would prefer such a meeting to take place before the first round of the election, due to be held on March 12, but if this was unacceptable to the Socialists, an agreement might still be possible between the two rounds.

M. Marchais, whose statements are often contradictory and who has frequently changed tack over the past few weeks, has at least been consistent on one point. He let it be clearly understood last night that the Communists continue to attach great importance to the result of the first round of the election, which will show their real strength in the country calculated as a percentage of the total vote.

M. Mitterrand's attitude could well be influenced by the size of the Communist vote in the first round, M. Marchais indicated, although he made no mention of his previous condition that the Communists must poll 21-25 per cent. of the popular vote before they would agree on a government programme with the Socialists.

In spite of all the uncertainties surrounding the outcome of the election, and the attitude of the two main left-wing parties if they win a combined parliamentary majority, M. Marchais stressed that the Communists counted on participating in a government of the Left, but only if they were treated as equal partners by the Socialists.

Ministerial portfolios should be shared out on the basis of the percentage of votes obtained by each of the parties of the Left, he said, and not according to the number of parliamentary seats they had won. The Communists would be satisfied with about a third of the major ministerial portfolios.

THE FRENCH GOLD RUSH

Hedging against a left-wing win

BY DAVID CURRY IN PARIS

GOLD IS ALMOST as easy to buy in France as bread, and in recent weeks more and more Frenchmen have been taking out their traditional insurance policy against uncertainty by buying it. This time the risk they want to guard against is a left-wing victory in the election less than 40 days away—a possibility confirmed by recent opinion polls. The latest one provoked a veritable gold rush culminating on January 24 with prices approaching historic highs for gold and gold-linked securities.

The rich man's gold is the one kilo gold ingot. For a bit over Frs.28,000 (about £3,035) he can take one home and literally sit on his savings.

But that has its inconveniences. The chief of them is that the big ingot is not an anonymous asset. Every sale is accompanied by a piece of paper setting out the gold's exact pedigree in weight, fine gold content, date of production, and number. The certificate has to be presented at resale. Without it the gold has to be cast anew, a relatively expensive business which rather spoils the pleasure of having "come into gold" without the unfriendly interest of the tax authorities in death duties. (The tax collector is explicity forbidden to witness the opening of coffers and deposit boxes by heirs.)

The second inconvenience is that gold is subject to a 4 per cent. sales tax and the third is its sheer bulk. None of these, however, prevented the price of the ingot moving from a 12 months' low of Frs.21,350 to Frs.28,894.

The poorer man's gold is the Napoleon d'Or. It has a specific place in French affections. Worth a nominal Frs.20 the Napoleon was first minted in 1803 and continually produced until 1914. There are millions in circulation. With a total weight of 6.45 grammes and a fine gold content of 5.8 grammes the coin is no bigger than a British 5p piece, and is traded without fuss or certificate. Easy handling makes it virtually tax-proof. The gold fever sent the Napoleon from Frs.290 to Frs.300 in two days. At that price it was selling for 79 per cent. more than the price of the gold it contains.

But that was nowhere near the performance of its half-brother, the Demi-Napoléon. At Frs.226 that tiny coin was selling at a premium of 170 per cent. over its gold content.

The choice is not limited to Napoleons. The free gold market trades equally in a number of other coins—the Swiss 20 francs coin, the Tunisian 20 franc piece, and the so-called Latin Union 20 franc coins of Serbian, Italian, Spanish, Belgian, and even Papal origin. These all sell at a discount below the Napoleon despite their identical gold content.

Nor is that the end. The Elizabeth II Sovereign and half-Sovereign, the 20 dollar piece, the 10 florin and 20 German mark coin, the Nicholas II five rouble and the Mexican 50 pesos minting are all available. Even then the list is not exhausted.

The Krugerrand? It is not accounted a coin free of VAT, but a gold object which does attract that tax. Hence the Krugerrand is not traded.

Gold is only half the story. A selection of state bonds is as good as gold. The grandfather of them all is the Pinay 3½ per cent., now succeeded by the Pinay 4½ per cent. The 3½ per cent. was a rentiers' delight since its income was untaxed, its capital linked to the Napoleon's price on the bourse, and, best of all, it was completely free of inheritance tax. Many were the French families which, when the old man was nearing the end, converted the entire family holdings into Pinay 3½ per cent. until he was safely consigned to the hereafter.

This happy situation was finally ended by M. Valery Giscard d'Estaing, then Finance Minister, in 1973. He replaced the 3½ per cent. by the "ex-Pinay" 4½ per cent., abolished the freedom from inheritance tax, but kept the gold link. The rise of the Napoleon, the tax concessions on bonds, and the bonus of interest payments have made the 4½ per cent. the star of the gilt-edged. The gold rush sent it from Frs.740 to Frs.800 in three days trading.

Its twin issue, the 7 per cent. 1973, is more complex. It is linked to the value of the franc as expressed in gold and, failing this, to the price of the ingot. Now, according to the second amendment to the IMF statutes awaiting ratification, countries will no longer define their currencies in terms of gold, and the link between the 7 per cent. and gold, instituted informally in 1975 when France revalued gold reserves at the market price, will become definitive. This pleasing prospect has not escaped the market and the 7 per cent. cheerfully cruised through the Frs.3,000 barrier at the peak of the buying.

The Barre 8.8 per cent. 1977, is indexed to the EEC unit of account. With solid fiscal advantages, an attractive interest rate, and a capital value, related to a basket of currencies likely to outperform the franc, the Barre also joined in the fun and reached Frs.110.10—the highest point of its present existence.

Who buys these assets? Just about everyone. There is no particular sociological profile to gold buying. Almost every family has its memories of grandfather giving Napoleons for christenings and for wedding presents, of the box that lived under the wardrobe. Grandfather's heirs and successors have not lessened their enthusiasm. Gold is a special metal.

But gold is also, of course, the great refuge. The peasant hoarder with his long memory of being forced to accept banknotes is real enough. Peasant gold is literally passed on for generations. Memories are equally strong in other families of parents or grandfathers turning in their gold in response to patriotic appeals in 1914 to help win the war, and who expected to get it back afterwards. It took 10 years to restore convertibility and then under conditions so difficult as to make it a practical impossibility for many people. Strong, too, are the echoes of the Popular Front Government of 1936 which finally ended convertibility—an echo particularly insistent a few weeks before an election which could bring Communists and Socialists into power. Those who have lived through the final decades of the Third Republic and whose family memories are much longer can well take the scorn of those who profess contempt for a lump of non-interest bearing metal.

The ordinary Frenchman is not alone in his enthusiasm for the yellow metal. The Bank of France is sitting on 3,200 tonnes of the stuff. But it is the ordinary Frenchman—from the baker to the bourgeois of the 16th arrondissement, who loves gold best. Frenchmen have the world's second largest private gold hoard after that in India, a hoard which may be as much as 4,000 tonnes. That is roughly 2.65 fine ounces of gold for every man, woman and child in the country.

Poisoned non-Israeli oranges discovered

By Our Foreign Staff

MORE ORANGES contaminated with mercury were discovered in Europe yesterday. However, they were not of Israeli origin.

Dutch health officials said they found a Spanish orange that had been injected with mercury, and the West German authorities reported the discovery of a contaminated orange of indeterminate origin.

The Dutch discovery was in a consignment in Maastricht, south-east Holland, where affected Israeli fruit was found in the past few days. The West German investigators said they had not been able to establish where the fruit they found came from but that they were satisfied that it had not been imported from Israel.

Because the new finds were not of Israeli origin, European authorities are now speculating that the poisoning of the Israeli fruit was carried out after it had arrived in Europe, not, as was first assumed, by a Palestinian group inside Israel.

An organisation calling itself the Arab Revolutionary Army Palestine Command said in a letter addressed to various European and Arab countries that poison had been injected into oranges in Israeli-occupied territory in an attempt to sabotage Israel's economy.

The Spanish Agriculture Ministry suggested in Madrid yesterday that oranges from other countries might be being sold as Spanish fruit. The Ministry urged that oranges described as Spanish should be carefully examined to see if they bore the normal seal "Spania," which could certify they were genuine.

Meanwhile, in West Germany, there were fresh reports of consumers avoiding citrus fruit of all kinds. Wholesalers were reporting few new orders from greengrocers for oranges of any origin.

L. Daniel adds from Tel Aviv: The Israel Citrus Marketing Board yesterday denied reports that it had suspended picking or exporting of oranges (or of other fruit) because of the general strike that has hit the Israeli merchant fleet. Shipments were continuing.

The Board said it has been least affected by the strike because it usually sends most of the fruit in foreign ships

OVERSEAS NEWS

Power struggle in China's army grows fiercer

BY COLINA MacDOUGALL

THE POWER struggle in the Chinese Army between supporters of the new leadership and the so-called radicals who were dismissed in October, 1976, is growing fiercer. A series of articles in the military newspaper, The Liberation Army Daily, culminated this week in a vigorous and outspoken attack on radical supporters, announcing "very sharp and complicated struggle" against the gang of four, Chairman Mao's disgraced widow and her colleagues.

This may have been provoked partly by the forthcoming National People's Congress, expected to take place later this month. The Congress should announce new Government appointments and outline policies for the coming years. The prospect of allocation of senior posts and of resources which will probably take place at the Congress may be causing much sharper dispute among military leaders.

The Liberation Army Daily is believed to be controlled by Wei Kuo-ching, Politburo member, head of the army's political department and a strong supporter of Vice-Premier Teng Hsiao-ping. The newspaper campaign therefore may be putting forward Teng's policies both on eliminating the gang's supporters and on military modernisation.

The recent article defined the present struggle as a question of whether to defend or oppose Chairman Mao's military line—which included, the paper said, the need to have nuclear weapons—and whether to allow the army to be "turned into a tool for the seizure of state and party power by bourgeois careerists."

The article makes its point by stressing the importance of a 1975 session of China's top military body, the Military Commission, which took a series of important decisions. The decisions were later attacked by the gang of four as part of the theory that "weapons decide everything" and "the bourgeois military line." The article also directly defended the role of Vice-Premier Teng.

The basic issue that split that session of the Military Commission, which was held with Chairman Mao's approval, the article says, was that military leadership must be firmly wielded by party and people and not be usurped by "bourgeois careerists and machinators" like the gang of four. Thanks to this session of the Commission, the gang were not able to overthrow the army.

The decisions of that session must be reaffirmed now, the Liberation Army Daily said, which means continuing to attack the gang and pushing ahead with military consolidation.

Finance for imports

PEKING, Feb. 2.

CANADIAN EXTERNAL Affairs Minister Don Jamieson said to-day he believed there had been some "modification" to China's attitude on financing imports. The Minister told a news conference that he thought Peking was not opposed to wider use of other countries' exports credits as one method.

Mr. Jamieson said ways of boosting trade between Canada and China had been discussed yesterday with Foreign Trade Minister Li Chiang, and Peking's desire for foreign technology and equipment meant there had to be some changes in financing.

The People's Republic is opposed to running up foreign debts and buys imports with cash or makes progress and deferred payments. When the Canadian Wheat Board announced the sale of 3m. tonnes of wheat to China last May, it said 25 per cent. of the price would be in cash when the wheat was loaded on ships and the balance, plus interest, would be paid over 18 months.

Such methods are a major drain on limited exchange reserves at a time when the country has ambitious modernisation plans.

Reuter.

Singapore detainees call

BY CHRIS SHERWELL

THE SINGAPORE Government should release all its political detainees "immediately and unconditionally" or bring them to trial, the human rights group Amnesty International said in London yesterday. The number of people detained without trial under Singapore's Internal Security Act, Amnesty says is higher than the figure of 61 given by Mr. Lee Kuan Yew, the Prime Minister.

In a preface to the second edition of its briefing on Singapore, published yesterday, Amnesty International questioned the admissibility of "confessions" made by political detainees.

In the case of Arun Senkuttuvan, the former Singapore correspondent of the Financial Times, a "confession" implicated others in a plot allegedly intended to damage relations between Singapore and Malaysia and assist Communist attempts to undermine Singapore's Government.

The report says such "confessions," consistently alleged to have been made under extreme pressure, are usually required as a precondition of release.

Amnesty calls for the release of four prisoners of conscience who have spent 15 years in prison without trial: Said Zahari, Dr. Lim Hock Siew, Ho Toon Chin and Lee Tse Tong.

The report also details developments in the past two years, including the arrest of Shamsuddin Tung, on the eve of the December 1976 general election in which he was an opposition candidate, and the re-arrest in the same year of another opposition leader, Dr. Poh Soo Kai.

Our Singapore correspondent adds: Mr. Lee Eu Seng, the former managing editor of a leading Chinese-language daily newspaper, Nanyang Siang Pau, has been released after five years

Thai-Cambodian agreement on envoys, trade

By Richard Nations

BANGKOK, Feb. 2.

THE THAI Foreign Minister returned to-day from a four-day visit to Phnom Penh with verbal agreements to exchange ambassadors and initiate trade with Cambodia "as soon as possible."

Dr. Upadit Pancharyangkul said on arrival that the two countries had decided to set aside the past two years of border conflicts that had undermined relations between the two countries.

Foreign Minister Upadit also said the Cambodians had assured him that "they had no reason whatsoever to provoke any dispute along the border."

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OVERSEAS NEWS

Saudi and Egypt agree on new initiative at UN

BY IHSAN HIJAZI

BEIRUT, Feb. 2.

SAUDI ARABIA and Egypt have reached agreement to take the Middle East conflict to the United Nations if President Sadat's talks with President Carter this week produce no effective results in breaking the current Egyptian-Israeli deadlock.

According to reliable Arab diplomatic sources, the accord came out of a meeting in Riyadh a few days ago between Saudi Crown Prince Fahd and Egyptian Vice President Hosni Mobarak.

Mr. Mobarak visited Saudi Arabia as part of a tour of nine Arab countries and Iran. He delivered messages from President Sadat to the heads of State of these countries explaining the Egyptian position following the interruption of the political talks with the Israelis in Jerusalem on January 18.

The sources said Saudi Arabia has already obtained the approval of the Palestine Liberation Organisation for moving the venue of *Middle East negotiations* to the UN.

A PLO delegation under Mr. Yasir Arafat held talks with King Khalid and Crown Prince Fahd in Riyadh last week.

He was reportedly told that now that the Sadat initiative was stumbling, Arabs must close ranks and seek an alternative to the Egyptian President's direct contact with the Israelis.

Mr. Arafat, the sources added, was convinced a Saudi-led initiative *at the United Nations would* give the PLO a chance to bring the Palestinian case back to the international organisation in full force.

The diplomats said Saudi Arabia tried to persuade President Sadat to go to the United Nations immediately after he recalled the Egyptian delegation at the Jerusalem talks.

Mr. Sadat replied he wanted to give the U.S. another chance to bring pressure to bear on the Israelis and make their stand more flexible, the sources said.

Reuter adds from Algiers: *Hard-line Arab leaders began* private talks here to-day a few hours before opening a two-day summit conference aimed at consolidating opopsition to President Sadat's Middle East *initiative*.

The presidents and party chiefs of a five-member "resistance" front were expected to approve political and military plans for destroying what they regard as an anti-Arab conspiracy by *Egypt, Israel and the U.S.*

The alliance, set up at summit talks in Tripoli on December 5, groups Syria, Algeria, Libya, South Yemen and the Palestine Liberation Organisation.

An informed source here said yesterday that Syria has moved to strengthen the front by allowing the Palestinians to re-open *guerilla bases in the country* and to set up a radio station.

"There are no signs that the Syrians are ready to allow the guerillas to use these bases to resume attacks on Israel across the Golan Heights," he said.

Sources close to the conference here said the heads of State will approve plans for establishing the political and military command structures of their hard-line alliance.

Eban wants moratorium on new Israeli settlements

BY JAMES BUXTON

ISRAEL should declare a moratorium on the establishment of any new settlements in the occupied territories while *negotiations* with Egypt are in progress, Mr. Abba Eban, the former Israeli Foreign Minister and a member of the opposition Labour Party, said in London yesterday.

He said that the Israeli Government should make up its mind whether settlements in the Rafah salient of Sinai were or were not essential to Israeli security. If they were, Israel should negotiate for an exchange of territory along the Israel-Egypt border; if not it should tell the settlers they had no future there.

It did not make sense for the settlers to guard Israeli security "by growing tomatoes" in an area in which Israel recognised Egyptian sovereignty, he said.

Mr. Eban said that Israel should not alter the situation under negotiation by creating new facts in the form of settlements or proposed settlements.

Israel's insistence on retaining the Rafah setlements, and its decision to continue to expand new settlements in Sinai and the West Bank were key elements in President Sadat's decision to break off the political talks in *Jerusalem last month*.

Mr. Eban said that he did not think that Israeli pubic opinion would accept the breakdown of peace negotiations with Egypt over the issue of the Sinai settlements. Mr. Begin should make sure that if the peace talks did break down it should not be on an issue—like that of the Sinai settlements—which left Israel at a disadvantage.

Mr. Eban said he believed that the U.S., as the third member of the tripartite negotiations, should be able to work out a compromise declaration on the Palestinian question that would be satisfactory to both sides.

More charges are filed against Bhutto

By Simon Henderson

ISLAMABAD, Feb. 2.

FIVE CASES alleging crimes ranging from embezzlement to rigging the elections were filed to-day in *Lahore* against *the* former Prime Minister of Pakistan, Zulfikar Ali Bhutto.

Three of the cases will start against him on February 21; the rest at a later date. They form part of the process of political accountability which the military ruler, General Zia-ul Haq, has said must be undergone before the holding of elections.

The five cases to be tried are the embezzlement of more than Rs19.2m. of secret service funds for party political purposes, the misuse of public funds worth Rs6m. on two of Mr. Bhutto's houses, incorrect submission to military authorities of assets acquired while holding political office, misusing Government funds of Rs9.2m. on *a private farm, and the rigging* of the national elections in March, 1977.

A sixth case concerning foreign exchange offences to the tune of Rs3m. will be filed in the next *few days*.

All the cases will be heard in Lahore in a special court established by the military regime to try politicians accused of corruption and misuse of power.

Gandhi recognition

Mrs. Indira Gandhi made some recovery of lost political ground when the Election Commission yesterday recognised her breakaway group as a national party. Her party will be known as the Indian National Congress (I), the "I" standing for "Indira." K. K. Sharma reports from New Delhi. Its election symbol will be "the hand." Meanwhile students clashed with Indian police yesterday as they staged a noisy demonstration against the *Shah of Iran, who arrived in New* Delhi on a four-day visit.

U.K. sends its peace ideas to Salisbury

BY MARTIN DICKSON

THE BRITISH Government is now circulating the additional Rhodesian settlement proposals it placed before the Patriotic Front in Malta this week to the parties involved in the separate "internal" settlement talks in Salisbury—Mr. Ian Smith's *Government and the domestically-based nationalist organisations.*

However, the additional suggestions introduced by Britain in Malta failed to bridge the gulf between the Anglo-American settlement proposals and those of the Front. There seems no chance of them being acceptable to Mr. Smith.

Even if the Patriotic Front and Britain were to reach a compromise formula in future discussions—and there is considerable pessimism in Whitehall about this—there is no hope of it being implemented unless Mr. Smith can be brought to accept it. An internationally approved settlement seems as far away as ever.

The additional suggestions put forward by Britain flesh out the Anglo-American proposals for an independence constitution, the role of a UN peace-keeping force in the country and interim arrangements for the transfer of power.

But they go beyond the Anglo-American plan in that there would be some dilution of the British Resident Commissioner's responsibilities in the interim period, to give the nationalist groups some say in Government.

It is understood this council would be largely advisory, but *would have some legislative* powers. However, Lord Carver would retain total control over key portfolios.

Britain is believed to have tentatively suggested that the *Patriotic Front have four seats* on this council, with two going to each of three other parties—the Rhodesian Government, Bishop Muzorewa's UANC and the Rev. Sithole's party. Lord Carver would be the council chairman.

While the Patriotic Front agrees with the idea of a council, its view of the composition and role of the body *is very different* and totally unacceptable to Britain. It has suggested a council dominated by the Front.

Britain and the Front are equally far apart on the question of the military in the hand over period.

The Front wants its forces to keep peace during the transition over period.

Tony Hawkins adds from Salisbury: New problems appeared in the Rhodesian settlement talks yesterday when Bishop Muzorewa, declaring that the talks were back to "square one," accused the other three parties participating in the discussions of "an unholy alliance" against his United African National Council (UANC).

The UANC was determined to oppose this unholy alliance, he said, warning that the combination of the three groups might well result in their "total elimination" at the polls.

The Bishop's statement has engendered new pessimism about the talks' prospects. A Rhodesian Government source spoke of "a very serious situation," *adding that the Bishop* seemed to be prepared to push the talks towards breakdown by refusing to compromise on his new position.

Mr. Smith's problems are com*pounded by the fact that there is* growing evidence of a white backlash—reflecting the military situation and the murder by terrorists of 15 whites so far this year. Mr. Smith is understood *to feel that he cannot contem*plate any further concessions.

N. Zealand boosts spending and imports

By Dai Hayward

WELLINGTON, Feb. 2.

NEW ZEALAND has introduced a number of economic measures to increase liquidity and ease restrictions on con*sumer spending in effort to* stimulate the economy. These include help for the car importing and assembly industries and for farmers. Measures announced by Prime Minister, Robert Muldoon, include big reductions in high purchase restrictions on new and used cars, the abolition of the import deposit scheme which required importers to face advance deposits when ordering certain imports and release of NZ$25m. of funds to sheep farmers.

The car industry in New Zealand is facing massive unemployment and layoffs as thousands of new cars pile up in factory yards and dealers showrooms. Car sales last year were more than 10 per cent. below production.

Sheep farmers had part of their income from wool sale frozen when wool prices were high last year. Farmers facing *a 30 to 40 per cent. drop* in income this year can now receive their frozen funds.

Australia aid for housing

By Kenneth Randall

CANBERRA, Feb. 2.

AFTER A week's argument with the Government and its monetary advisers, the Australian banks have agreed to some slight changes in interest *rates*. There will be a cut of 0.5 per cent. for new and existing housing loans from the banks, balanced by a 0.5 per cent. reduction in the interest paid on deposits, including *term deposits*.

The banks, however, have stoutly resisted the Government's proposals for lower interest rates across the board and, in the housing field, it now rests with the State governments to persuade building societies that they, too, should bring down their rates.

***The Government's repeated* predictions since last November that interest rates would fall by two percentage points during 1978, had been causing many potential home-buyers to delay their decisions, according to the industry.**

Briton charged in South Africa

JOHANNESBURG, Feb. 2.

BRITISH-BORN businessman John Temple, former associate of a British millionaire facing *fraud charges*, appeared in court here on Tuesday charged under South Africa's exchange control regulations.

Mr. Temple was named in court last week as one of six men whom British millionaire John Wall was forbidden to contact as a condition of his R20,000 (£12,000) bail.

Reuter

Landrover bail for Briton in Sudan

By Alan Darby

KHARTOUM, Feb. 2.

A MASSEY FERGUSSON-owned Landrover has been put up as bail in Khartoum to secure the release of the company's Sudan and Egypt representative.

Mr. Adrian P. Marshall was arrested and detained for three hours after a Sudanese designer brought a case against the agricultural equipment company alleging breach of contract.

Biko decision

GRAHAMSTOWN, Feb. 2.

PORT ELIZABETH security police who interrogated black leader Steve Biko shortly before he died will not be *prosecuted*, *an official* statement said to-day.

AMERICAN NEWS

U.S. defence spending up by 3%

BY DAVID BELL

WASHINGTON, Feb. 2.

THE U.S. will increase its spending on defence by 3 per cent. in real terms in each of the next five years to counter the growing threat from the Soviet Union and make sure that *it can guarantee adequate supplies* of vital imported raw materials.

Dr. Harold Brown, the U.S. Defence Secretary, outlined these new spending targets today in the Pentagon's annual report to Congress. As announced in the Budget, this report pays special attention to NATO and says that, by 1983, the U.S. will have nearly quintupled the number of men and aircraft which can be transported to Europe within a ten-day period.

Although the Secretary was at pains to stress that the planned increase in spending—to $172bn. in real terms by 1983—was less than projected by the Ford Administration, he said that the present situation left the U.S. with no choice but to do this.

Apart from the Soviet threat, Dr. Brown's report also highlighted the growing dependence by the U.S. on imported raw materials, particularly oil. This means, he said, that "our security depends on more than relative freedom from direct attack."

While it was increasingly important globally for the U.S. that the process of political change should be "orderly," the U.S. must pay particular attention to the "independence of such critical areas as Western Europe, the Middle East and the Gulf, *north-east Asia and Africa* and freedom of the air and sea routes to them."

The chief focus of the report was on the Soviet Union. Dr. Brown noted that the USSR remains, in Winston Churchill's phrase, "a riddle wrapped in a mystery inside an enigma."

He said that, if continued modernisation of Warsaw Pact forces was solely for defensive purposes, there would be less U.S. and NATO concern. But he noted that, in its defence planning, the Soviet Union and *its allies continue to emphasise* offence, surprise, deception, shock and speed.

NATO support increase

BY OUR OWN CORRESPONDENT WASHINGTON, Feb. 2.

DR. HAROLD BROWN, the U.S. Defence Secretary, said that the U.S. will more than double the amount of equipment pre-positioned in Europe and develop the capacity to airlift five divisions to Europe within 10 days by 1983.

At present, the U.S. has nearly six divisions permanently stationed in Europe and these can be reinforced by one division in a 10-day period.

New plans will also mean that an extra 60 tactical air squadrons can be sent to Europe within 10 days.

He disclosed that the F-16 aircraft currently *being built* for Norway, Holland, Belgium and Denmark, will have the capacity to carry nuclear bombs and reiterated American *concern about the* northern and southern flanks of Nato.

Panama Canal treaty hopes rise

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Feb. 2.

PRESIDENT CARTER employed a low-keyed and rational style last night in his televised talk on the Panama Canal treaties.

He said he did not think that the amendments to the treaties, advocated by the Democratic and Republican Senate leaders, Mr. Robert Byrd and Mr. Howard Baker, were necessary *to safeguard U.S. rights*, but he did not take sharp exception to them.

If the Administration accepts the proposed amendments—guaranteeing the right of U.S. military intervention to *protect* the neutrality of the Canal after the year 2000, and assuring priority passage for U.S. warships—then the chances of ratification by the Senate of the treaties are growing brighter daily.

According to Senator Alan Cranston, the Democratic Whip, 52 senators are now either in *favour of*, or leaning towards, ratification; 28 either inclined against or definitely opposed; with ten undecided. Most other informal head counts show a similar split. A two-thirds majority in the Senate (that is, 67 senators) is needed for approval.

The Administration's preference that no amendments be added reflects uncertainty over whether or not an amended version of the treaties would have to be submitted to the Panamanian people in a second plebiscite there. Gen. Omar Torrijos, the Panamanian leader, is reported to have told several senators that he doubts this would be necessary.

Mr. Carter's televised talk was designed to relieve some of the pressure from constituents on several senators, mostly from the south, who have yet to make up their minds. Although the latest Gallup poll, issued yesterday, showed a national majority in favour of the *treaties for the first time*, opposition runs much stronger in the more conservative and jingoistic south.

The President stressed his belief that U.S. security was provided for under the new treaties. *He also argued strongly* that the new treaties were a sign of U.S. strength and would greatly improve U.S. standing in the western hemisphere.

Mr. Carter also dismissed the *likelihood* of Panama seeking to close the Canal. Successive Panamanian governments over the last 75 years had not done so, he said, because the Canal *was crucial* to the Panamanian economy.

Landing system rebuttal

BY OUR OWN CORRESPONDENT WASHINGTON, Feb. 2.

BRITISH OFFICIALS are preparing a point-by-point answer to allegations made yesterday by the head of the U.S. Federal Aviation Administration (FAA) who accused Plessey and the U.K. Civil Aviation Authority (CAA) of "vicious" tactics in pressing the case for the British all-weather landing system.

The hearings about rival British and U.S. all-weather landing systems will resume on Monday when British experts will testify before the House Government Operations Sub-committee.

Officials categorically reject charges by the FAA head, Mr. Langhorne Bond, that Britain was launching a last-ditch attempt to push a system which is technically inferior to the U.S. time-reference scanning beam (TRSB) system.

The British side argues that U.S. evidence last year to the *International* Civil Aviation Organisation (ICAO) greatly exaggerated the capability of the Compact antenna, the key *element* in the U.S. system.

Brazil N-power costs escalate

BY SUE BRANFORD

SAO PAULO, Feb. 2.

BRAZILIAN authorities have received with relief the decision by the Dutch Government to go ahead with its expansion plans for the Urenco plant at Almelo. *Although a new agreement over* safeguards will have to be worked out between Urenco and Brazil, the authorisation means that enriched uranium will in principle be available for the Brazilian nuclear power stations, Angra dos Reis II and III. These reactors, which are being built and installed by the West German company, Kraftewerk Union, are *due to come on stream in 1982*, each with a capacity of 1,200 MW.

If the agreement goes through, Brazil will become the main purchaser of enriched uranium from the Almelo plant, taking a large part of production which should increase from 60 tonnes annually in 1977 to 200 tonnes in 1979 and 1,000 tonnes in 1985.

Under its nuclear deal with West Germany, said to be worth $16bn., Brazil plans to set up eight nuclear plants, reaching a total capacity of 10,000 MW by 1990. However, Government authorities recently expressed concern at the increasing costs, particularly of machinery. According to recent estimates, the cost of each kilowatt to be installed in Angras II and III is *now put at* $1,540, which is believed to be the highest outlay in the world for this type of reactor. This had led to rumours, as yet uncomfirmed, that Brazil will be cutting back on the *number of reactors to be* purchased.

The Brazilian Foreign Ministry said yesterday that Brazil would not go back on its decision not to sign the treaty for the non-proliferation of nuclear arms, *which is considered "discriminatory."* However, it would provide all the necessary guarantees that its nuclear programme had peaceful ends.

Under the German deal, Brazil plans to set up in the country the whole nuclear cycle, including the processing of waste fuel. The Government has gained considerable political prestige within Brazil for this ambitious project, particularly among the armed forces.

Unconfirmed reports here suggest that the first of a series of four, 200-tonne remittances of enriched uranium from the U.S. will soon be reaching Brazil. The uranium, which was purchased in *1976 from South Africa for* $13m. and was enriched by the U.S. Research and Development Agency, will be used in the first nuclear power station, Angra dos Reis 1.

The station, which will have a capacity of 626MW, should come on stream during the first half of 1979. This reactor is the result of a 1972 U.S.-Brazil commercial treaty, in which the supply of enriched uranium was tied to the purchase of equipment *from* Westinghouse. The spent fuel is to be returned to the U.S.

$ intervention 'progress'

BY OUR OWN CORRESPONDENT WASHINGTON, Feb. 2.

MR. MICHAEL BLUMENTHAL, the U.S. Treasury Secretary, said to-day that the U.S. policy of intervening more forcefully in the foreign exchange markets *"was making progress" towards* calming disorderly conditions.

But he stressed that "the measures that have been taken are designed to deal with a particular market situation. They *are not a substitute for action* to correct the root causes of international trade problems."

In testimony on Capitol Hill, the Treasury Secretary said the U.S. trade deficit "is not the result of an overheated domestic economy that must be restrained through sharply higher interest rates."

On the contrary, he said, it reflected excessive U.S. dependence on foreign oil.

The U.S. had to develop its own strong energy policy while "strong domestic growth in major industrial societies is a prerequisite to achieving better international balance."

The U.S., Mr. Blumenthal said, was doing its part in the latest economic programme. "It is important that other strong nations join us in comparable efforts if we are to sustain economic recovery throughout the industrial world."

Suit filed on Teamster pensions

By Stewart Fleming

NEW YORK, Feb. 2.

THE U.S. Department of Labour has mounted the second stage of its sweeping attack on the alleged *mismanagement* of one of the largest private pension funds in the U.S.—the central states, *south-east* and *south-west areas* fund of the International Brotherhood of Teamsters.

For years, allegations of mismanagement of the fund and *links between it and organised* crime have circulated. Last year, the Labour Department secured the resignations of most of the $1.6bn. fund's trustees and the handing over of the management of the assets to independent managers.

Employing the provisions of the Radical Employee Retirement Income Security Act passed in 1975 to impose tighter controls on the assets of the private pensions schemes in the U.S., the Labour Department has filed suit against the fund's former trustees.

The suit is designed to force Mr. Frank E. Fitzsimmons, the teamsters' president, and 16 other former fund trustees to repay losses the fund has suffered *resulting from allegedly impru*dent loans.

Although an exact figure has not been put on the repayments being demanded, officials estimate that they could run into tens of millions of dollars.

Steel union victory at southern yard

By John Wyles

NEW YORK, Feb. 2.

THE STEEL Workers' Union has scored a remarkable organising victory at Newport News Shipbuilding and Drydock Company, the Virginia-based subsidiary of Tenneco Inc., which will put fresh heart into union recruiting efforts in the southern states.

The 19,000 production workers at Newport News have been represented for many years by the Peninsula Shipbuilders' Association, which has long been characterised as a "company *union*" by affiliates of the American Federation of Labour-Congress of Industrial Organisations (AFL-CIO). Since 1944 AFL-CIO unions had lost four representation elections among company workers before the United Steelworkers began an organising drive 16 months ago.

Although the company campaigned vigorously against the USW, *the union managed* to recruit sufficient support to secure a National Labour Relations Board election which yielded 9,093 votes in its favour against 7,548 for the Peninsula Shipbuilders' Association. According to the AFL-CIO in Richmond, Virginia, to-day, the steelworkers' victory was remarkable for the fact that, while it was recruiting support, some 1,900 draughtsmen whom it had organised a year ago, were on strike.

Sri Lanka tries strong government in its push for development

BY DAVID HOUSEGO, RECENTLY IN SRI LANKA

SRI LANKA is embarking on an experiment in strong Government to force the pace of development.

To a 21-gun salute on Colombo's sea front and the temporary closure of all liquor shops throughout the island Mr. Junous Jayewardene takes over on Saturday as the country's first executive President under a *change in the constitution that* makes him both Head of State and Head of Government.

Mr. Jayewardene has been Prime Minister since July when his United National Party captured 141 of the 168 seats at stake in the general election. He has taken this unexpectedly massive victory as endorsement of his belief in the need for a far more powerful executive to take the unpopular decisions to end the pattern of stagnant economic growth and rising *unemployment that exploded in* the insurgency of 1971.

Inevitably the constitutional change has brought accusations from the left wing parties routed in the election that JR, as he is known is attempting to make himself an absolute ruler. Mrs. Sirimo Bandaranaike, the former Prime Minister, dubs Saturday's ceremony as JR's "ascending the throne."

The element of truth in this is that at 71 he is a patrician figure, the elder statesman of his party who on his own admission takes a Gaullist view of the Presidency. Unlike General de Gaulle he has not shied away from the hard slog of electioneering and political infighting. But he shares a similar approach in rooting his political outlook in a handful of strongly held ideas.

The first of these is that the Westminster style of democracy—under which Sri Lanka has been ruled since independence and which is now being abandoned—*has served the island ill*. It has resulted in competitive bidding for votes with inflated election promises that it was not within the means of the country to fulfil. (JR was as guilty as anybody of this at the last election.)

The outcome has been to saddle the economy with a welfare programme of subsidised food, transport, health and education which absorbs over a third of the budget.

At the same time the shortage of investment funds has helped unemployment to climb to 1.2m., or a fifth of the labour force.

The other fault of the British-style system, as JR sees it, is that it has brought a change of government in every election since 1952. Thus it has deterred politicians from taking the necessary harsh remedial measures.

The constitutional *amendments* he has made or plans to introduce guarantee him a six year term of office as president. He will resign his seat in the Assembly—freeing himself from what he obviously considers the chores of parliamentary debate and questions. His government will no longer be accountable to the Assembly.

As President he will have the power to dissolve the Assembly at will. Even if it runs its full life he will remain in charge of the administration after the next *election*.

These measures are intended to lay the foundations for continuity of government. But as a further check, proportional representation is being introduced. On the basis of past voting patterns it will deny to any future government the two-thirds majority needed to reverse the changes JR has made.

JR's second main plank is tough action to phase out welfare subsidies to help pay for investment calculated to create more jobs. A start has been made by withdrawing the free rice ration from about half the population.

But the realists within the party recognise that such measures coupled with the increase of prices that will result from the recent 85 per cent. devaluation are bound to result in a prolonged period of discontent. If the Government sticks to its programme. Likewise it will take years before the *UNP* sees the full return from its policies in terms of more jobs, higher production and exports, and a stronger rupee. In anticipation of trouble, the Government has banned demonstrations, transferred trades union leaders and made clear that those taking part in political strikes will be replaced.

Mr. Pieter Keuneman the *Communist* Party leader and former Minister of Housing says "the extra-parliamentary struggle has now become the main struggle and that is our element."

The third main plank of Mr. Jayewardene's policy is the need for foreign capital whether in the form of investment, aid, or loans. A belief in liberalising the economy has been behind previous UNP administrations. But their association, with a wealthy landowning and business elite was the party's downfall in the 1970 election. JR has widened the party's social base and appealed to the young, who *provide the bulk of the unemployed*, by bringing young men into his administration. Two of his most senior colleagues—Mr. Lalith Athulathmudali, Minister for Trade, and Mr. Gamini Dissanayake, Minister for Irrigation, are both under 40. The result is a Cabinet strong in enthusiasm but as yet uncertain how to carry its ideas into *practice*.

Beyond the general ideas, the new Government's first months in office have shown that it did too little homework while in opposition on the ambitious programme it is now putting forward. Evidently expecting a warm welcome in the west for the end of Mrs. Bandaranaike's Socialist regime, it got a nasty shock at the tough conditions demanded by the IMF for the loan Sri Lanka sought. Mr. Ronnie De Mel, the Minister of Finance, initially hoped for a SDR 350m. package of loans over three years. The Cabinet, however, was unwilling to pay the full price asked by the IMF of immediately removing subsidies on rice, wheat and transport. So a compromise was negotiated for a SDR standby credit of 93m. over one year, and the Government, against the IMF's wishes, introduced a Rupees 50 a month dole allowance for those unemployed to soften the blow of a cut in *rations*.

The Government took the bold decision to abolish multiple exchange rates and devalue the currency to a realistic level. But having taken an equally bold decision to liberalise imports by removing tariff barriers, it has since soft pedalled on this by increasing import duties to protect local indsutry. It is still *unclear how quickly it is willing* to phase out subsidies—and thus how much will become available for investment—and to force local indstry into being competitive.

The two main projects for generating employment — the accelerated programme for developing the Mahaveli Irrigation scheme in 5-6 years instead of 30 and the free trade zone north of Colombo—are at an even vaguer stage of preparation.

The attraction of the first is that the Mahaveli could make *the country self sufficient in rice*, create more jobs than any other project and provide hydroelectric power. But the Government has not the funds to finance it, and has not thought through the implications in terms of cost, availability of supplies, or the impact on other investment. Foreign experts believe that it cannot be speeded up to the extent the government wishes.

As to the free trade zone, Mr. Jayewardene has in mind creating a sort of Hong Kong within the borders of Sri Lanka — "a capitalists' paradise" as he calls it—that would have its own administration and be outside the jurisdiction of many of Sri Lanka's laws. He has put through a Bill to create the commission that will run it and made one of the island's most prominent businessmen — Mr. Upali Wijewardena — its chairman. The Government claims that a large number of foreign companies have shown interest in manufacturing garments (Sri Lanka has sizeable unused quotas to the EEC), electronics, food and rubber processing. But until the exact incentives have been spelt out and the Government has fully convinced foreign investors that they have nothing to fear from takeovers under the business acquisitions act, it remains a glint in the eye.

It is in Mr. Jayewardene's *favour* as he takes over the Presidency that heavy rains this year have given the country a record paddy crop. Foreign exchange reserves are high because tea and rubber prices have stayed up, though production is still well off its peak. The left wing parties (Mrs. Bandaranaike's Sri Lanka Freedom Party and the Communist and Trotskyite movements) remain demoralised by their electoral defeat, and the trades unions have yet to show whether they have retained their muscle.

For the moment Mr. Jayewardene has appeased demands by the Tamils—whose United Front is the single largest opposition group in the parliament—for a separate state by promising to remove discrimination in jobs and education. But with unemployment still climbing and prices rising as well, he is going to have an uphill struggle to fulfil the expectations that his party's grandiose programme has aroused.

Airbus purchase favoured by Japanese Government

BY CHARLES SMITH

TOKYO, Feb. 2.

THE JAPANESE Foreign Ministry thinks it "basically desirable" that Toa Domestic Airlines, the smaller of Japan's two domestic airlines, should purchase the A-300 European Airbus, a Ministry spokesman said to-day.

The Japanese Government is backing the Airbus against other wide-bodied aircraft which might be purchased by TDA because it sees the aircraft as a means of reducing the mounting tension over Japan's visible trade deficit with the EEC.

It has so far made no similar statement of support for the BAC One-Eleven, another aircraft which TDA is interested in buying (for a different role from that envisaged for the A-300).

Asked whether the Government felt that it would be desirable for Toa to buy the One-Eleven as a means of offsetting part of Japan's big trade surplus with the U.K., the same Foreign Ministry spokesman said that he could not answer the question.

In other words, the Government appears to be making a distinction between its explicit backing of the A-300 and a publicly non-committal attitude towards the One-Eleven.

The Airbus and the One-Eleven are not competitive with one another, in that they would serve different rôles and may both eventually be acquired by TDA. The two aircraft do, however, compete as far as the timing of a prospective purchase is concerned.

TDA was originally expected to make a final decision on its purchase of a short-haul airliner (for which the One-Eleven is the leading candidate) by the spring of 1978, in order to have the aircraft in service by 1980.

If a decision is taken instead to buy the A-300 first, the short-haul airliner purchase could be set back by a year. The reason for this is that TDA apparently lacks the training and servicing facilities to take two completely new aircraft into operation with a few months of each other.

The airline's need for the One-Eleven (or similar aircraft) is urgent in the sense that traffic on its feeder services to outlying parts of Japan is becoming dense enough to demand a larger aircraft than the Japanese YS-11s now serving these routes.

The EEC has been publicly pressing Japan to place an order for the A-300 since last autumn, when Mr. Roy Jenkins raised the matter during his first visit to Tokyo as President of the EEC Commission.

The pressure was renewed last week when Mr. Nobuhiko Ushiba, Japan's Minister for External Economic Relations, visited Brussels to explain the recent U.S.-Japan agreement on trade liberalisation, and found the Commission unexpectedly dissatisfied with its share of Japanese trade concessions.

Mr. Ushiba seems to have been warned that Japan must take specific action to reduce its trade surplus with the EEC during the next two months or face the danger of having discriminatory barriers erected.

The Government is apparently reluctant to respond to this ultimatum by announcing a new round of tariff cuts or quota liberalisation measures specifically designed to please Europe. A major aircraft purchase, on the other hand, would be a comparatively painless way of making peace with the EEC.

Nissan to buy parts in U.K. and France

TOKYO, Feb. 2.

JAPAN'S second largest motor company, Nissan, said to-day it planned to open talks in France and Britain to buy tyres and other parts for its Datsun passenger cars.

The company said it hoped to buy tyres from Michelin of France and other parts from Britain's Joseph Lucas Industries to help dampen increasing foreign criticism of Japanese vehicle exports.

Nissan declined to estimate the size of possible orders or give a date for opening talks, but said it planned to install the tyres and parts on cars exported to the European Economic Community.

Nissan last year exported 164,000 cars to the EEC. It said total Japanese exports to the EEC last year rose 4 per cent. to 545,000 units compared with the previous year, with 176,000 going to Britain and 45,500 to France.

David White writes from Paris: Manufacture Francaise des Pneumatiques Michelin confirmed contacts had taken place with Nissan in Japan on what would be the French company's first big breakthrough in the Japanese market.

But the company gave no indication of the scale of contract which was being negotiated. Michelin's current penetration in the Japanese tyre market was described as "extremely weak" despite increased export effort.

Michelin is also on the point of breaking into Brazil, where the market is dominated by Pirelli and the major U.S. tyre groups.

Greek imports up 15%

BY OUR OWN CORRESPONDENT

ATHENS, Feb. 2.

GREECE had a trade deficit of \$3,885m. last year, according to figures published by the Bank of Greece.

This was a 16.7 per cent. increase over 1976, attributed to a steep rise in imports of capital goods and raw materials—possibly the prelude to an investment recovery—and as a sharp increase in imports of consumer goods, especially cars.

Imports increased 15 per cent. to \$6,401m. Exports were up 13 per cent. at \$2,516m.

The trade deficit was largely covered by a 15.7 per cent. increase in invisible earnings which totalled \$3,499m., mainly from shipping—which rose 22.8 per cent. to break the \$1bn. barrier by reaching \$1.12bn. Tourism was \$976m.—up 18.4 per cent., and emigrants' remittances totalled \$928m.—up 15.5 per cent.

Invisible payments totalled \$867m., leaving a deficit on current account of \$1,253m., an increase of 14.7 per cent., compared with the figure for 1976.

Britain sets up textile surveillance

By Rhys David,

BRITAIN'S textile and clothing industry is setting up its own surveillance system to check that the new restrictions on imports imposed under the recently concluded GATT Multi-Fibre Arrangement—the agreement which regulates trade in textiles—are adhered to.

The system will use the computer resources of one of the big fibre groups to analyse statistics derived from Customs and Excise. It is hoped this will quickly reveal if the sensitive trigger levels laid down in the MFA are being approached.

The trigger mechanism is one of the new features built into the MFA agreements negotiated by the EEC with more than 30 overseas suppliers, and is intended to bring products within quota control automatically as soon as they reach predetermined levels of import penetration.

The new surveillance system was outlined yesterday at a meeting which officials of the British Textile Confederation and the British Clothing Industry Council for Europe held with Mr. Edmund Dell, Secretary for Trade. It reflects the industry's concern at the slowness with which the EEC is setting up a checking procedure.

Mr. Ian MacArthur, director of the BTC, said the textile industry intended to make the figures from the computer available to the Government.

Aerospace surplus of £272m. for U.K.

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K. had a balance of payments surplus on aerospace export account of £272m. last year, with exports amounting to £1,038m. and imports amounting to nearly £766m. Although the exports figure was a new record, inflation played a considerable part in boosting the figure from the level of £904m. in 1976.

The 1977 total was also influenced considerably by the continued heavy dependence of the aerospace industry on spares and overhaul business.

Figures issued by the Society of British Aerospace Companies show that out of total aircraft exports of over £493m., new aircraft accounted for just over £152.5m., with parts making up the balance.

Similarly in engines, the total export figure of £432.6m. was largely accounted for by parts and refurbished engine business, amounting to more than £316m.

Even allowing for these factors, however, the aerospace industry did well in 1977. Imports of complete aircraft and parts amounted to just over £373m., leaving a surplus on balance of payments account of about £120m., while for aero engines, imports of £319m. still left a surplus of over £113m.

The outlook for the coming year is for a steady continued rise in exports, strengthened by the big contracts signed in the latter part of 1977, including major orders for guided weapons, electronics and other equipment, and the continuation of the major defence-services support contract for Saudi Arabia.

Drug exports up 23%

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE VALUE of British pharmaceutical exports rose 22.6 per cent. last year to £554m. Imports increased 24.7 per cent. to £173m. The trade surplus of £381m. was 21.5 per cent. bigger than the corresponding figure for 1976.

Although imports were growing at a faster rate than exports last year, the increase has slowed down substantially compared with 1976. In that year the value of imports was rising at more than 40 per cent. compared with 24.7 per cent. in the last 12 months.

Nigeria was again the U.K.'s major drugs export market, with sales of £43.5m. compared with £33.5m. in 1976. Exports to Ireland rose more than £3m. to £32m. and sales to other EEC countries increased 18.9 per cent. to £151m.

Pharmaceutical exports to the OPEC countries rose 38.7 per cent. to £111m.

Mexican pipeline loan

TOKYO, Feb. 2.

A SYNDICATE of 11 Japanese banks have signed in New York an agreement with Petroleos Mexicanos (Pemex) to supply a \$65m. loan to help it buy 150,000 tonnes of steel pipe from Japan, the Bank of Japan said as lead manager.

The seven-year loan will carry an interest equivalent to London interbank offered rates plus a fixed margin of slightly above 1 per cent., it said.

Pemex will use the pipe for part of its 1,360 kilometre pipe line linking the southern city of Cactus and Reynosa in the north-east.

Four Japanese steel mills, including Nippon Steel and Nippon Kokan Kaisha, Sumitomo Metal Industries and Kawasaki Steel, last November concluded a contract with Pemex to export 150,000 tonnes of large diameter steel pipe for the project with shipment to be completed by the end of next month.

The Japanese syndicate includes Umitomo Bank, Mitsui Bank, Mitsubishi Bank, Long-term Credit Bank of Japan and Daiichi-Kamgyo Bank.

Reuter

Call for trade consultation

BY REGINALD DALE, EUROPEAN EDITOR

MR. ALONZO McDonald, U.S. Deputy Special Trade Representative, yesterday suggested that prior international consultations could in future help to avert the build-up of serious over-capacity in major world industrial sectors.

"What has recently happened in textiles and steel could easily happen to-morrow in automobiles and petrochemicals, to cite only two examples," he said in a speech to the Foreign Affairs Club in London.

Mr. McDonald rejected cartelisation or market sharing as the answer. "Even the idea of closely monitoring movements bothers us because it may also trigger precipitous, protectionist measures," he said.

Emphasising that he was speaking personally, not for the U.S. Government, he suggested that the solution might lie in "a more modest but organised programme of consultations on major capacity decisions." This would not interfere with the free play of market forces, but would show up cumulative trends more clearly and provid e a series of public signals formerly available only from the entrepreneur's private market research.

It was no longer the case that capacity-creating investments were always decided after sound entrepreneurial assessments had been made, Mr. McDonald said. Decisions were often taken by governments, not private investors, for a variety of new economic reasons, particularly in developing countries. Job creation or national prestige might be the mst imprtant element.

Large contemporary economics of scale might be such that new installations had to rely heavily on export markets to reach planned utilisation levels. Only a few markets, however, were large enough and sufficiently open to absorb such surges of new goods—those of the U.S. and the EEC.

Mr. McDonald, who is chief U.S. negotiator in the current Tokyo round of international trade negotiations in Geneva, gave a strong warning that Washington would expect the talks to lead to a substantial liberalisation of agricultural trade. It would be difficult to emphasise too much the depth of feeling in the U.S. on the issue, and the importance of making reasonable progress to obtain Congressional support for the overall results of the round, he said.

Mr. McDonald seemed to sympathise with the EEC view that it should be possible henceforth to apply safeguard measures selectively, rather than indiscriminately against all countries.

U.K. sales to Germany up

BY GUY HAWTIN

FRANKFURT, Feb. 2.

British trade returns show that exports from the U.K. to West Germany rose by 38.4 per cent. in sterling terms during the first 11 months of 1977. At the same time shipments from the Federal Republic to Britain rose by 30.8 per cent. compared with the same period of the previous year.

The sterling figures, of course, bear little relationship to the official West German statistics recorded in Deutschemarks. These show British exports during the 11 months up by 22 per cent. compared with the same period of 1976, and the Federal Republic's shipments up 20.3 per cent. during the same period.

According to Department of Trade figures, British exports to West Germany totalled £2.28bn. compared with the previous year's £1.65bn. The Federal Republic's shipments to the U.K. amounted to just under £3.25bn. compared with the previous year's £2.48bn.

The trade surplus in West Germany's favour therefore appears to have increased from £834.6m. in the first 11 months of 1976 to £965.9m.

However, the gap is unlikely to have been as great as the crude figures imply. Imports are recorded on a cif basis, while exports are reported fob.

As West Germany currently runs a substantial deficit on invisible trade with the U.K., it is likely that a considerable proportion of West German exports were carried on British ships, insured by British insurers and financed by British banks.

One of the most fascinating discrepancies in the figures cover shipments of North Sea oil. British trade statistics show oil shipments during the period up 140.7 per cent. at £223.8m., whereas official Federal Republic figures show oil imports from Britain up by well over 450 per cent.

Cost escalation extension

BY MARGARET HUGHES

PARLIAMENTARY APPROVAL is being sought to extend for a further year the cost escalation scheme for export contracts operated by the Export Credits Guarantee Department (ECGD). The scheme is to be given added bite, in that Mr. Edmund Dell, Secretary for Trade, in announcing this yesterday said that "arrangements are being made to ensure that the scheme is administered in a manner consistent with the Government's pay guidelines."

Since it was first introduced there has been considerable pressure to make the scheme more comparable with that operated by COFACE, the French esport credits organisation.

To an extent it has been improved by both simplifying the procedures and lowering the thresholds within which it is applicable but it is in no way as generous as the French scheme. There has also been pressure from other quarters such as the Treasury to drop the scheme altogether, while the U.S. argues that the scheme is a form of subsidy which should be discontinued under the Gentlemen's Agreement on export credits.

In the U.K. the scheme has not been widely used largely because contractors consider it to be unnecessarily complex. Since its introduction, only seven guarantees covering a total contract value of £130m. have been issued.

In future it will be operated more discriminately for the documentation is being changed to ensure that the costs eligible for cover fall within the pay guidelines.

This means that increased wage costs which are in excess of those allowed by the pay guidelines will not be eligible. This is in addition to the Government's existing powers through ECGD to withhold guarantees from companies which are in breach of the pay guidelines. So far there have been no such cases.

HOME NEWS

Europe warning on Scotch adverts

BY KENNETH GOODING

A WARNING came yesterday from leading European distributors of Scotch whisky that they would have to stop promotional efforts for the drink if unofficial exports from the U.K. continued.

It was claimed also that the European Commission was in danger of sacrificing valuable foreign earnings from Scotch from the U.S. and Japan by implementing regulations which theoretically were reasonable but would not work in practice.

The warnings came in London at the bi-annual meeting of the EEC Wine and Spirit Importers' Group.

The group was discussing the recent decision by the Commission that the Distillers Company's dual-pricing arrangements in the U.K. were unlawful and the action Distillers took as a result.

The dispute arose from Distillers' efforts to protect the official importers from the unofficial, or parallel, trade in Scotch.

Importers claim they need a reasonable margin of profit because they have to promote Scotch brands by setting up distribution networks, by advertising and other methods of educating the drinking public about the product.

Worries

But, since the U.K. joined the EEC, parallel traders have been undercutting *official prices*.

It is clear that the Scotch importers accepted that the Commission's decision was inevitable, and even welcomed it because previous attempts by Distillers to protect official distributors in the Common Market had not been particularly successful.

They are worried, however, that the Commission might attempt to get Distillers to reverse some actions implemented in the wake of the decision—such as the withdrawal of Johnnie Walker Red Label from the British market.

Mr. Wite Carp, president of the importers' group, said the organisation had been attempting for three years to persuade the competition department of the Commission that "the so-called free circulation of goods within the Common Market is *all very well in theory but it will* not work in the day-to-day world of real business."

Commons row expected over power supply Bill

BY ROY HODSON

THE GOVERNMENT has plans to publish a Bill next week for restructuring the electricity supply industry based on the main recommendations of the 1976 report by Lord Plowden's committee.

A Parliamentary row can be expected when the Bill is presented. MPs are likely to attack the Government for procrastination, as the Plowden Report appeared more than two years ago, but action has several times been postponed, and for aspects of the Bill which they say amount to political patronage.

The Bill provides for a new centralised structure for the industry. Mr. Anthony Wedgwood Benn, the Energy Secretary, has insisted that it provide powers for the area electricity chairman to continue to be appointed by the Energy Secretary.

His argument for that system is based on his belief that national trends toward devolved authority require powerful and independent administrators to be appointed at regional level to look after the interests of consumers.

People in the industry tend to take the opposite view, saying that it needs a more centralised management structure. Industry heads believe that area board chairmanships should be line management posts and directly responsible to top management.

Mr. Benn was roundly attacked in the Commons last July when he outlined his scheme for reorganising the industry.

Mr. Tom King, Tory Energy spokesman, said that the Opposition had the gravest doubts about Mr. Benn's proposed solutions for the industry.

It favoured either an efficient unified structure for the industry, or competitive area power boards.

The Bill is expected to give powers for replacement of the 14-authority system in England and Wales (12 area boards plus the Electricity Council and the Central Electricity Generating Board) by an Electricity Corporation to run the £4.5bn-a-year industry at national level, with regional authorities managing day-to-day affairs in the regions.

The case for stronger leadership of the industry through the new corporation is not challenged by either of the main parties.

Conservatives agree that the Electricity Council in its present form, comprising a small central management and area board chairmen, is not equipped to give strong leadership.

The precise relationship between the two top chairmen, Central Electricity Generating Board and Electricity Council, is ill-defined.

But Mr. Benn's wish to retain the area board chiefs as political appointees is regarded as unsatisfactory by both the Opposition and the unions.

The key to future development of the industry in technical terms was provided last month by the Cabinet decision to permit ordering of two advanced gas-cooled nuclear reactor power stations as the start of a new nuclear programme.

Electricity bills rise may stay within 7%

INDICATIONS ARE that electricity tariffs for industry, commerce and households in the coming financial year will be held at less than 7 per cent. above present levels.

The Electricity Council cannot yet put a figure on the likely national increase in electricity prices because the 12 area boards are *still* completing submissions to the Price Commission.

The industry is confident that rises will fall within the 4 to 7 per cent. bracket.

A number of the area boards have already promised that their proposed increases will not be severe.

The Yorkshire board has forecast an increase of 5.9 per cent.

When Sir Francis Tombs, chairman of the Electricity Council, gave evidence this week to the Commons Select Committee on Nationalised Industries he said that it was the industry's intention to retain the fuel cost adjustment system at least until a *review later this year.*

For the consumer, the policy means that rises in coal and oil prices will not be passed on by the authorities before the autumn.

The fuel cost adjustment is applied to consumer bills retrospectively after electricity authorities have paid for their bulk fuel.

Outsider to head Leyland's new unit

By Terry Dodsworth, Motor Industry Correspondent

BRITISH LEYLAND has gone outside the U.K. and the motor industry to find a chief executive to head the new specialist car manufacturing group which is being formed for the Jaguar, Rover and Triumph marques.

The appointment of Mr. William Pratt Thompson, a 44-year-old American who has worked for the Bowthorpe Holdings electrical and electronic group for the last five years, will be announced at a meeting of 2,000 Leyland dealers in London to-day.

Mr. Michael Edwardes, the new chairman of British Leyland, has now filled the two most demanding posts in the reorganised car company, with Mr. Ray Horrocks, the former Ford and Eaton executive, already confirmed as the new managing director of Austin-Morris.

Mr. Pratt Thompson is very much a surprise appointment. His main previous connection with the motor industry being through a spell at AMF, the American company which owns the Harley Davidson motorcycle business.

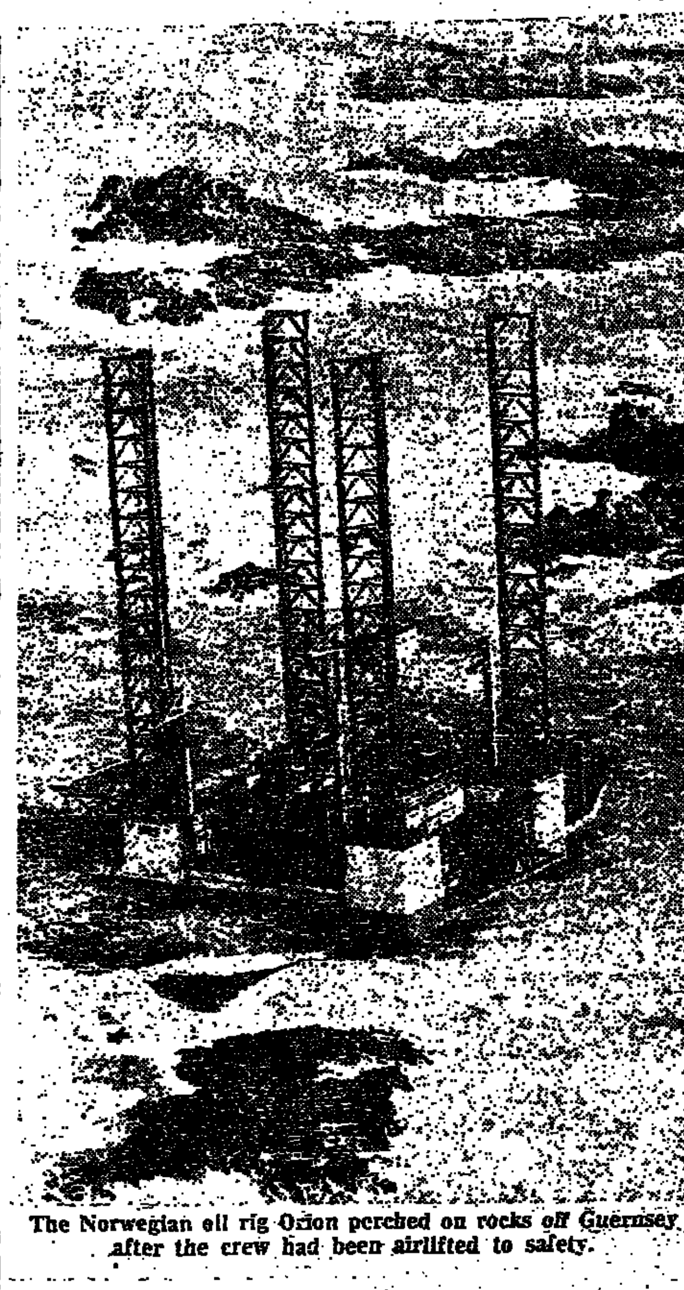
But he has apparently been chosen for the strength of his international experience, which covers marketing in both the U.S., Europe and Japan.

He was brought into Bowthorpe to expand and develop its overseas business, and this has grown substantially until it was worth half of the company's £5.4m. pre-tax profit last year. Last year he was made deputy managing director of the company.

Mr. Edwardes is also expected to tell the dealer meeting—the first of its kind that Leyland has held—of a new appointment of a sales and marketing co-ordinator whose job it will be to make sure that the two car manufacturing divisions follow complementary policies.

The dealership organisation, which has expressed enthusiastic support for Mr. Edwardes' plans to decentralise management, has nevertheless been unhappy about the split of marketing between the two manufacturing organisations.

They feel that this will create more paperwork and the need for more elaborate communications, and they have therefore pressed Mr. Edwardes to maintain central *franchising arrangements* and to have some kind of co-ordinating function.



The Norwegian oil rig Orion perched on rocks off Guernsey after the crew had been airlifted to safety.

Winter gales cost Britain millions in sea oil revenue

BY RAY DAFTER, ENERGY CORRESPONDENT

GALES which yesterday left an oil rig crippled off the Guernsey coast have cost Britain millions of pounds-worth of lost North Sea oil revenue this winter.

The winds have whipped up heavy seas which have hampered exploration, oil production and field development off Britain's shores.

In the English Channel, the crew of the £10m. Norwegian rig Orion had to be lifted off the damaged structure which had been driven on to rocks off *Guernsey's west coast.*

The rig was being towed from Rotterdam to Brazil's offshore exploration area when it broke adrift.

In the North Sea, offshore loading operations have been interrupted on the Auk and Argyll fields.

Shell and Esso, as owners of Auk reserves, have been unable to produce and load oil for much of the past three months because of the severe weather.

It is estimated that the amount of lost production—when set against Auk's optimum capacity—was over £10m. in November and December alone.

In November the loading operations were stopped for 57 per cent. of the time compared with 12 per cent. in November 1976.

As a result, only 22,400 barrels a day were loaded throughout the month as against 49,695 in November the previous year.

During December, Shell and Esso lost 46 per cent. of its possible loading time, reducing the average offtake to 28,400 barrels a day compared with its potential peak output of more than 50,000.

Hamilton Brothers, as operator of the Argyll Field—another that has no pipeline system and relies on offshore loading—yesterday reported that production had been halted for between 35 and 40 per cent. of days during the past few months.

Output during the periods of satisfactory weather had been averaging 21,000 to 22,000 barrels a day.

Weather information provided by Shell yesterday shows that in the northerly Brent Field area winds of 30 knots (Force 7) or stronger blew for 54 per cent. of the time between October 27 and January 31.

During the period, winds of 50 knots (storm force 10) or stronger blew for at least 24 hours on seven occasions. On January 1, a wind speed of 95 knots was recorded.

An average observed wave height of 15 feet or more was recorded on 31 days during the October-January period.

Amoco said last night that operations on its Montrose Field has also been badly hit. Production and loading operations were halted for 61 per cent. of the time in November, 48 per cent. of December and about 60 per cent. of January.

North Sea oil column, Page 11

Ombudsman urges rule change

BY DAVID CHURCHILL

DIRECT ACCESS to the Parliamentary Ombudsman by members of the public with complaints about Government administration is suggested in his annual report published yesterday.

Sir Idwal Pugh, who has just completed his first year in office, says that the issue of direct access "is now ripe for review and re-examination by Parliament." At present, complaints can be made only through the local MP.

The Ombudsman is proposing, as an interim measure, to send complaints received direct from the public, and which he believes are investigable, to the constituent's MP.

It would then be up to the MP and the complainant whether to proceed. Under the present rules, the Ombudsman has to return all complaints received directly from the public.

This proposal is expected to be considered shortly by a Parliamentary Select Committee before any more fundamental review of access to the Ombudsman. The Ombudsman's suggestion for a "review of his activities comes exactly ten years after the office was set up.

Last year Sir Idwal received as many complaints direct from members of the public as from MPs, although the number of potential investigations from the direct cases was likely to be smaller than those from MPs. If he had accepted cases direct, he estimated a 50 per cent. increase in workload.

The report discloses that last year nearly 100 more complaints were referred to the Ombudsman than in the previous year — 901 against 815 — and the 330 accepted for investigation were more than in either of the previous two years.

The Ombudsman found evidence of maladministration in 57 per cent. of cases completed during the year.

Two areas of administration which are main themes of complaints concerned the tax and social security system. Complaints about interest payable on tax paid late has led to a review of the Inland Revenue rules, Sir Idwal says.

Parliamentary Commissioner for Administration — Annual Report for 1977, SO, 70p.

MICHAEL BLANDEN REPORTS ON THE TAX-CHANGE CONSULTATIVE DOCUMENT

Move to develop profit-sharing

TAX CHANGES which could be used to encourage the development of company profit-sharing schemes were set out in the consultative document published by the Inland Revenue yesterday.

The ideas put forward in the document, together with any reactions, will be taken into account by the Government in framing the provisions which it intends to include in this year's Finance Bill to encourage profit sharing.

The document gives details of three possible methods by which employees could share in the profits of the companies in which they work by acquiring shares in them.

All three methods set a limit to the value of shares which could be acquired by any participant and seek to ensure that the benefit is spread as widely as possible and not limited to directors and senior employees.

It is also emphasised that profit sharing is quite distinct from the issue of industrial democracy, on which the Government has been holding discussions with the CBI and the TUC and intends to put forward further proposals.

The document starts by describing the two concepts of profit sharing—most simply achieved through a taxable cash bonus—and encouraging employee share ownership through incentive schemes enabling shares to be bought on favourable terms.

It points out that profit sharing need not be associated with the encouragement of share ownership, and adds that both types of scheme exist at present without tax relief.

While recognising that any relief given to employees under profit sharing arrangements represents some distortion of the tax system in favour of those employed in the corporate sector, the Government "do not consider that it would be reasonable to allow relief for profit sharing unrelated to share ownership, which would be tantamount to payment of wages free of tax."

After describing the present tax treatment of profit sharing and share incentive schemes, the document goes on to set out three possible methods by which tax relief could be offered. These are (I) a profit-sharing method; (II) a share incentive method; and (III) an alternative profit-sharing method.

All three methods would be subject to detailed conditions, affecting the types of shares to be issued and the status of participants, and including the general rule that shares acquired could not be sold for 5 years.

Method I

	£
Bonus	327
Tax at 34%	135
Net bonus	262
Value of shares without restrictions	415
Reduction in value due to restrictions (30% of £415)	124
Value taking account of restrictions	291
Maximum allowable discount (10% of £291)	29
Net value (63% of £415)	262

POSSIBLE METHODS OF TAX RELIEF

I. A Profit Sharing Method.

A profit sharing arrangement under which a part of the company's profits would be allocated to the scheme, out of which cash bonuses would be provided for employees on condition that, after tax had been deducted from the bonus under PAYE, the net amount was used to acquire shares in the company.

The shares would be subject to a restriction that they could not (except where the employee died or lost his job by reason of injury, disability or dismissal for redundancy) be sold for a period of at least five years.

The market value of shares would be reduced on account of this and any other restrictions, but for the purpose of this method any reduction in value due to restrictions which was greater than 30 per cent. would be ignored in determining the price at which the employee could acquire shares.

In addition, the employee could be given a discount on the price of up to 10 per cent.

This would have the effect that the minimum price at which an employee could acquire shares would be 63 per cent. of the unrestricted market value.

The employee would be free from income tax on their growth in value and on the discount, if any, allowed on acquisition. When the shares were disposed of the cost for the purpose of capital gains tax would be the unrestricted market value of the shares at the date of acquisition.

II. A Share Incentive Method

A share incentive arrangement under which an employee would be able to acquire shares on favourable terms. The scheme would have to meet the same conditions and the shares would be available on the same terms as under Method I.

An incentive arrangement involves the employee sooner or later having to find the money for the acquisition price of the shares himself.

Either he will have to pay for the shares out of his own resources at the start (which many employees may be unable to do), or he will have to be lent the money, possibly under arrangements made by the company, and repay the loan either out of future earnings or when he ultimately sells the shares.

Under a profit sharing arrangement, on the other hand, employees are not required to find money out of their own resources.

III. An alternative Profit Sharing Method

A company would be permitted to make an allocation each year for profit sharing. The sum so allocated would be used to buy shares at full value.

These shares would be apportioned between all employees in the company who were within the scheme, but the shares would be retained by a trust established for this purpose.

The amount apportioned to each employee would not attract any Schedule E liability at this stage.

When the employee came to sell the shares after the five-year period, the sale proceeds would be divided for tax purposes into two parts.

There would be a charge to income tax on the sale proceeds to the extent that they did not exceed the original acquisition cost.

This income tax charge would be tapered according to how long he had held the shares. The tapered charge might be as follows:

Period held	Percentage of proceeds (or acquisition cost whichever is smaller) charged to income tax
5-10 years	50 per cent.
Over 10 years	25 per cent.

Any excess of the proceeds over the acquisition cost would be subject to capital gains tax.

Under this method, any dividends on the shares would go to and belong to the employee himself as they arose and would be liable to income tax in the normal way. The voting rights attached to the shares could be exercisable by the employee.

To avoid the substantial amount of work which would be involved in making direct assessments on employees when they sold shares, it would be necessary to require the trust to arrange for the employing company to apply PAYE to the appropriate part of the sale proceeds.

There would have to be a *special system under which tax* was deducted at the basic rate for employees who had left the service of the company.

The document concludes by setting out the detailed conditions which would have to be met for schemes to qualify for tax relief.

In relation to the type of share which could be used, it would be limited to shares in the company employing the participants, in a controlling company or in a company which was a member of a consortium owning the employing or controlling company or owning not less than 15 per cent. of the ordinary share capital.

Shares would have to be quoted or in a company not controlled by another and would not be subject to dividend restrictions in relation to similar shares outside the scheme.

Other conditions would include ensuring that a scheme was open on similar terms to all full-time U.K. employees, restrictions on the acquisition price, and rules relating to the minimum period *for holding the shares.*

Copies of document available from: Public Enquiry Room, Room 8, New Wing, Somerset House, Strand, London, WC2R 1LB.

Comments in writing not later than March 23 to: Inland Revenue, Room 46, New Wing, Somerset House.

Method III

If the shares acquired for £500 were sold after 5 years for £500—	£
Proceeds up to acquisition cost	500
Less 50%	250
Chargeable to income tax	250
Income tax at 34%	85
Therefore employee would receive 500-85=	415

IN BRIEF

Insurance storm claims may top £15m.

THE STORM and flood damage of January 11 and 12 on the East and South-East coast could cost the insurance companies a total of £15m., according to the British Insurance Association.

This compares with £40m. worth of claims from the storm damage of January 1976, which was nationally more extensive.

The latest figures follow the Prudential Assurance's announcement earlier this week that it expected to pay out £1m. in claims. Individual claims of other principal insurance groups range between £350,000 and £2.5m.

Bank's cash guides

Lloyds Bank yesterday launched four new personal money guides aimed to provide basic advice to the public about money matters and to give the bank an opportunity to develop its own business in the personal sector.

Leverhulme Trust

Obligations or commitments at the end of 1977 of the Leverhulme Trust—whose income goes mainly to award grants to institutions and individuals for research and education—totalled £2.73m., nearly £1m. more than a year earlier, according to the latest annual report of the trustees.

New airline

A new cargo and passenger airline, Scimitar Airlines, has been formed by Mr. Kevin Guinane (formerly with British Caledonian Airways), in association with financial interests in the Gulf. Other shareholders include Sedgwick Forbes Holdings, Viking Air Freight, Bridge-man and Partners (Crawley), Ratedale Security, Mr. John Kelloway (a civil engineer), and Mr. John Sawyer (an engineering manager and consultant).

Industrial aid

Offers totalling £14.3m. towards 191 projects under section 7 of the Industry Act were made during October and November last year, according to Department of Industry statistics. During the same two months applications received for selective assistance numbered 189 projects with a total value of £49.3m.

Yard on way out

Over 70 per cent. of Britain's want to keep their mills, a Gallup poll has found. However, the yard is scheduled to disappear by the end of next year.

Action day

A national day of action against Barclays Bank for its involvement in South Africa is being planned by the Anti-Apartheid Movement and the End Loans to South Africa group for March 1.

Nuclear contracts

The first design contracts for one of the two advanced gas-cooled reactor nuclear power stations sanctioned last week by the Government could be awarded within the next few months by the South of Scotland Electricity Board.

More home news on Page 11

The penalty for being an insurance company

BY ELINOR GOODMAN AND ERIC SHORT

IT IS unlucky that Sun Alliance and London Insurance is an insurance company. The Government could not have used the tax instrument it is dangling over the company's head for allegedly breaking the pay guidelines to anyone but an insurance company.

That penalty, announced by the Department of Trade on Wednesday, would result in a cut in the company's premium income by lowering premium rates, with the objective of ensuring that policyholders do not pay for the excess salaries resulting from a breach in the guidelines.

The only statutory sanction the Government has on breaches of the pay guidelines as far as the vast majority of companies are concerned is through the price controls. But that sanction relates only to breaches of the 12-month rule.

Though the Price Commission can take an excessive wage settlement—or presumably pension deal—into account when deciding whether to investigate a company, there is no automatic deduction from prices of wages deals over the 10 per cent. limit.

The sanction in the price controls, an effect of the 1973 Counter-Inflation Act, on breaches of the 12-month rule does work automatically as far as the Price Commission is concerned.

When the Commission is informed by the Department of Employment that a company has broken the 12-month rule, the *company's profit margin ceiling* is reduced by the offending amount.

So far the sanction has not been invoked and, in any case, it might not lead to price reductions as most companies are trading considerably below their profit reference levels.

The sanction with which Sun Alliance is being threatened is also an effect of the 1973 Counter Inflation Act.

That provision, which was given permanent effect in the 1977 Price Commission Act, empowers the Department of Trade to restrict the premiums charged by insurance companies only.

Such an order restricting premiums however, can be annulled by either House of Parliament.

In Whitehall yesterday the consensus seemed to be that if any other kind of company has

NEWS ANALYSIS

SUN ALLIANCE AND SANCTIONS

raised its pensions as a means of re-imbursing its employees over and above the 10 per cent. guide lines the Government would have had no statutory sanction.

In such a situation, the Government could presumably resort to the more subtle tactic like withdrawing State contracts.

When the 1973 Act was being drawn up it was accepted that insurance companies held a special position. The Department of Trade has a legal responsibility to ensure that an insurance company remains solvent.

To that end it checks on insurance company premium rates to ensure that they are not too high or too low for solvency purposes.

Therefore sanctions against insurance companies are the sole responsibility of the Department of Trade.

Nevertheless, the Price Commission principles apply in that the excess of the pay guidelines are compensated by reducing the overall premium income so that, in theory at least, the consumer does not pay for the excess settlement.

Sun Alliance has questioned the legality of the Department of Trade's proposals to reduce premiums.

The 1973 Act says that the Department has power to restrict premiums and Sun Alliance claims that this is not the same as reducing premiums.

Since the company has no plans for putting up its rates for household and commercial contracts, Sun Alliance finds it difficult to see how the department can justify reducing premiums without theoretically endangering solvency.

But it has obtained Department approval for a rise in motor premium rates as from April 1 —12 months after the last rise.

Insurance companies need to fix premiums at least once a year in order to keep their motor accounts solvent, since claims are rising in line with rising labour costs, costs of spare parts, prices of new cars and court settlements.

The Department of Trade could reassess the position and revise the rise in premium rates.

But at this stage it is saying nothing, though it is seeking further information from the company, before using its powers under the 1973 Act.

Otherwise the company does not have prices to be approved, since it is not the word which need be revised periodically to trade profitability. Instead insurance company quotes a premium rate for each £100 of cover insured.

The consumer raises his cover, the insurance company receives a higher premium out of which the cost of cover is met and expenses, including staff salaries, paid.

Brokers' warnings reflect fears over M3 growth

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INCREASINGLY pessimistic City views of the medium-term growth of the money supply and of the prospects for interest rates are highlighted in three new surveys from stockbroking firms.

Phillips and Drew, for example, says that a net injection of £1bn. through Budget tax cuts could create the risk of an increase in private sector loan demand of at least £5bn. in 1978-79 and a growth in sterling M3 of 15 per cent.

In order to reconcile a £2½bn. Budget stimulus with a 13 per cent. money supply limit, the Government would have to introduce some form of credit rationing before the end of the year to keep private sector bank lending down to £4bn.

Reimposition of a supplementary special deposits scheme is envisaged with the authorities being forced to concede higher short-term interest rates before the end of the year.

Brokers Sheppards and Chase says it has serious doubts about U.K. monetary control. The unexpected growth of the money supply in December and the effect on the markets which this produced, threatened a short-term funding problem.

In the longer-term, the projected growth in public spending would "make funding the borrowing requirement increasingly difficult at present interest rate levels."

The size of reflationary measures should be limited at this stage of the economic cycle, according to de Zoete and Bevan.

It gives warning of the dangers of excessive reflation with the "high risk that economic activity will be stimulated too sharply, too soon, with resulting pressures on monetary control, the balance of payments and consequently sterling."

E290 engine 'raises fuel efficiency 10%'

BY STUART ALEXANDER

CUMMINS, the U.S.-based diesel engine manufacturer, says its E290 engine will raise fuel efficiency by 10 per cent.

That claim means that Cummins is challenging rivals such as Gardner and Rolls-Royce, which have an established reputation for fuel economy.

The company tested the engine over 225 miles in the Midlands.

The engine, a modified 14-litre six-cylinder model with the addition of larger cams, has been approved as an optional fitting by lorry builders, Bedford, ERF, Foden and Seddon Atkinson.

Ford is continuing tests and may ask for modifications before offering it as an option later this year.

The engine is to be made at the Shotts plant in Lanarkshire. Cummins is involved in a £30m expansion programme there with more than £8m. in Government grants.

It is expected to double production by 1980, creating an extra 1,200 jobs. At the moment there are about 1,500.

The Shotts plant will also supply the European, Middle East and African markets.

The engine gives Cummins the oportunity to offer top economy at a time when operators are cost-conscious.

Imported heavy lorries have been taking a rising slice of the U.K. market, thus squeezing Cummins' market share as an original equipment supplier.

The engine will be on display at next week's Amsterdam truck show.

Defence evidence starts in £6.6m. plot case

FINANCIAL TIMES REPORTER

MR. JUDAH BINSTOCK, the missing London solicitor, was alleged to have acted as "a wheeler-dealer" in many of his business ventures when the defence opened in a £6.6m. Treasury plot case at Guildhall Court yesterday.

Mr. Lewis Altman, 60, of Birchington, Kent, a prominent City stockbroker who is accused of conspiring with Mr. Binstock and five businessmen to contravene the exchange control regulations between 1974-75, said he first met Mr. Binstock 20 years ago.

He felt with hindsight that Mr. Binstock had used front men as nominees for many of his dealings—when he started trying to acquire control of companies in the property boom of the 1960s.

Mr. Altman, who with Mr. Robert Carnes, 39, of Jameson Street, Kensington, his stockbroker-partner, denies conspiracy and other charges, entered the witness box on the ninth day of the case in which the Crown suggests that £2m. profit accrued from dollar premium transactions totalling £6.6m, in which Mr. Binstock and others took part.

The other men are not in court as they are outside Britain at present.

Mr. Altman said he went to a stockbroking firm straight from school at 16 and resumed work on the Stock Exchange after being freed from a Japanese PoW camp at the end of the war.

This had given him a special interest in Far East stocks and he used to visit the Far East three or four times a year. He felt that through his firm, L. Altman and Co., he had become accepted as a market leader in tin and rubber shares, as well as other Far East stocks.

The court rejected a defence submission that there was no case to answer by Mr. Carnes, whose defence counsel claimed that he had relied on other people for the accuracy of many documents which he signed.

The hearing was adjourned until to-day.

Italian company offers skateboard insurance

BY ARNOLD KRANSDORFF

AN ITALIAN company, in an attempt to break into the lucrative British market for skateboards and safety equipment, is offering free third-party and personal accident insurance with every skateboard sold.

Life Headgear and Skateboards a private company, has placed the insurance with two leading London companies via brokers Devitt (DA Insurance), part of the Devitt Dawnay Day group.

The insurance protects the skateboarder from liability in respect of third party claims up to the value of £150,000. There is a limit on each personal accident claim, excluding death, of £1,000, with an extra £1,000 if an accident occurs in a specially built and supervised skatepark.

The cover is for one year from the date of purchase, with effect from March 1

Life Headgear said that every enthusiast was liable for any damage caused to person or property arising from the use of a skateboard. With the number of skateboarders on public roads and pavements growing daily, the risk of claims had never been greater.

● Our Insurance correspondent writes: Skateboarders in households where the building or contents are insured are already covered, usually up to £250,000 under the free public liability cover provided. This includes any liability arising from an incident involving a skateboard.

Stern petition filed

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

A £20.5m. BANKRUPTCY petition was filed yesterday against Mr. William Stern, whose property empire crashed in 1974 owing more than £100m.

The petition has been lodged by the merchant banking group Keyser Ullman. Last December it won a High Court action against Mr. Stern, who was directed to repay £1.56m. to the bank.

The bank's petition, for a total of £20,509,000, alleges "non-compliance before January 24 of a bankruptcy notice," and is partly based on the earlier court judgment.

Plutonium flights defended

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITISH NUCLEAR Fuels yesterday dismissed as a technical misunderstanding an MP's criticism of flights from Carlisle to Wick of fresh plutonium fuel assemblies for the prototype fast reactor at Dounreay.

The three chartered flights, authorised by the Ministry of Transport, took place two weeks ago.

Mr. Doug Hoyle, MP for Nelson and Colne, said: "The world was rightly alarmed at the danger from the skies with the crash of the Soviet satellite in Canada. But I am sure most people do not know the danger in the U.K. skies from planes carrying plutonium."

British Nuclear Fuels said last night that it had drop-tested the type of containment used from a height of 2,000 feet.

Airports chief calls for advisory body

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CREATION of a new Airports Policy Advisory Council for London and the south-east to help smooth the way for the aviation developments in the next 10 to 15 years and beyond, was urged yesterday by Mr. Norman Payne, chairman of the British Airports Authority.

Mr. Payne, commenting on the Government's White Paper on Airports Policy, published on Wednesday said that while the authority welcomed it as a major attempt to solve some of the big issues outstanding in this area, translating its recommendations into reality could cause considerable difficulties.

It could take anything from seven to 10 years or more to get a new airport development through from initial concept to operational service.

While the White Paper urged the further development of Heathrow, Gatwick, Stansted and Luton, to cope with an estimated 72m. passengers a year by 1990, all those developments would need individual planning, and decision-taking procedures, some of which could take many years.

To simplify and shorten procedure, interested parties could be brought together to sort out differences before final decisions.

"It should be a formal grouping, and a permanent one. We hope this would speed up discussion and decision-taking."

Such a body could include representatives of the British Airports Authority, the Civil Aviation Authority, the airlines, the consumer associations, local authorities and the Greater London Council and the Standing Conference on London and South-East Regional Economic Planning.

It could keep the airports situation under review, so as to avoid the need for periodic major reassessments by Government, such as the Roskill Commission and the team which recently drew up the White Paper on Airports Policy.

"We have a fast-changing industry and we need to have a reservoir of study and analysis."

Without adequate early analysis and decisions there was a danger that even if air traffic continued to grow at a slower rate during the 1980s, London could still be short of airport capacity in the 1990s.

GLC rate pegged

BY DAVID CHURCHILL

THE GREATER London Council intends to peg its rate demand at 17p in the £ for the third year running as "a result of staff reductions, streamlining administration and cutting out waste."

The formal decision will be taken at the council's budget meeting on February 14, Mr. Richard Brew, leader of the council's policy and resources committee, said yesterday.

He said that without economies of over £20m., the GLC would have had to add 1p on its rate this year. But he acknowledged that the GLC had been helped by lower interest rates and a slowing down in the rate of inflation.

"Ratepayers will also benefit from the new level of rate support grant which, following pressure from the GLC and others, reflects some Government recognition of London's special problems," he said.

"Despite this, London's domestic ratepayers will still pay an average of over £30 more than in the rest of the country."

The GLC's rate precept standstill does not mean, however, that rates for Londoners will not rise. The London boroughs have still to levy their rates on householders.

Westminster City Council, for example, seems likely to increase its rates by between 7 and 9 per cent.

The GLC's capital investment programmes for the next five years have been redefined to favour the inner city areas, Mr. Drew added.

New plan for Mermaid Theatre

By John Brennan

LONDON'S Mermaid Theatre site is to be redeveloped. Next Thursday the Court of the City of London Corporation will vote on a £7m. scheme by the investment management group Touche Remnant to create 40,000 square feet of offices above an expanded and modernised theatre.

Sir Bernard Miles's Mermaid Theatre Trust holds a mutually agreed leasehold from the City Corporation on the site at Puddle Dock, by the Thames. This gives the trust open-ended security of tenure at a nominal rent.

But Sir Bernard has been looking for a suitable development scheme that would enable it to extend the 500-seat theatre and improve both the theatrical and restaurant facilities.

Sir Bernard and Touche Remnant have come up with a proposal by which the investment group would pay a £1m. premium to the City Corporation for a head-lease on the site, and which in turn would give the Mermaid an equally long leasehold on a 750-seat theatre, modernised and extended by the group at a cost of £1.45m.

The theatre would have to close for around nine months during the development, and for that period Sir Bernard and his company plan to tour overseas.

Dirty rail cars lead to £2,000 in fines

CARLISLE magistrates yesterday fined British Transport Hotels £2,000 after the subsidiary of British Rail had admitted 20 charges relating to cleanliness of three restaurant cars.

The maximum fine of £100 was imposed on each charge and payment of £50 costs was ordered.

Mr. Tom Armstrong, chairman of the magistrates, said: "This is a matter of great concern to the public and we take a very serious view of it."

He was imposing the maximum fine because of the seriousness of the offences. "We think there was a very marked lack of supervision to allow things to get to this stage."

No evidence was offered on 38 other charges and not guilty pleas, entered by Mr. Christopher Kemp for British Transport Hotels, were accepted. The magistrates found the company not guilty on those charges.

Mr. Richard Clucas, prosecuting, said that the three restaurant cars were examined by health inspectors at Carlisle station in August and September last year.

Generally, they were not clean and, in particular, floors were greasy and dirty and some equipment such as shelves, ovens, pans and a table were dirty.

A hand basin for staff use was full of "miscellaneous debris, rubbish and broken glass." The only receptacle for rubbish was an absorbent paper sack.

Mr. Kemp, for the company, said that the cars were more than 20 years old and their planned life had been extended.

Homes average £14,370

THE AVERAGE PRICE of homes on which new mortgages were approved in the fourth quarter of last year was about £14,370, according to figures given jointly by the Department of the Environment and the Building Societies Association.

This was 2 per cent. higher than the average price in the previous quarter, and 8 per cent. higher than in the last quarted of 1976.

The price of new homes has been rising faster than the average. In the fourth quarter of last year, the average price for new homes was about £15,450, 3 per cent. higher than in the preceding quarter, and 11½ per cent. higher than in the final quarter of 1976.

The average price of second-hand homes at £14,170, was 1½ per cent. higher than in the preceding quarter, and 7½ per cent. higher than a year before.

The average mortgage advance approved for all homes in the fourth quarter of last year was about £9,850, or 66½ per cent. of the average price. In the preceding quarter the average mortgage advance approved was 65½ per cent. In the final quarter of last year it was 64 per cent.

PARLIAMENT AND POLITICS

Callaghan warns on legal action by companies

PM pressed to confirm guidelines 'blacklist'

BY PHILIP RAWSTORNE

CONSERVATIVES yesterday mounted a sharp attack in the Commons on the *Government's* "black list" of companies that have breached the pay guidelines.

Mrs. Margaret Thatcher, the *Tory leader*, repeatedly—but unsuccessfully—pressed **Mr. James Callaghan** for details of the Government's sanctions policy.

Tory demands for a Government statement and an emergency debate on the Department of Trade's threat of action against the Sun Alliance and London insurance company were also rejected.

Mr. Callaghan warned any company considering legal action against the Government to consider the impact of renewed wage inflation. "That is what the public is concerned about."

Mrs. Thatcher curtly demanded whether the Prime Minister had discussed the "black list" with the CBI. How many *jobs* had been threatened by the Government's policy, she asked. Or did Mr. Callaghan still maintain that the *list* was "a figment of the imagination."

The Prime Minister said that *CBI officials had not raised the* issue. "In view of the small number of companies out of the 600,000 in Britain that have been named in newspaper reports, they probably did not think it worthwhile discussing," he said.

Mrs. Thatcher renewed her attack. "If Mr. Callaghan admitted there were a "black *list,*" *on what authority had it* been established?" she asked.

"I did not admit there was a black list." Mr. Callaghan retorted. "You are putting words *in my mouth*. All that is known is that there is a group of firms to whom this *matter* has been put. The Tory front-bench is apparently engaged in a dispute with the Department of Trade on this matter."

Amid Labour protests, Mrs. Thatcher again pressed the Prime Minister. "You are giving your usual slippery replies. Is *there or is there not a black list* and how many firms are on it?" she demanded.

Mr. Callaghan suggested that the Tory leader *should* put down a proper question on the subject. "I will then be very happy to give you any figures that exist on this matter."

Mr. Hugh Dykes (C., Harrow E.) called for an immediate and clear statement on the Government's policy. *Mr. Callaghan replied*: "There is no secret about this issue. Then as Tory MPs gasped their disbelieve, he *added*: "*If there is a secret* it seems to be a damned badly kept one."

Mr. Robert McCrindle (C., Brentwood and Ongar) pressed the Prime Minister for an explanation of the Government's threat to force Sun Alliance to cut its premiums. Why should the company not take "*perfectly* reasonable management decisions" to improve the basis of its employees' pensions, he asked.

Mr. Callaghan . . . accused of "slippery replies"

Mr. Callaghan replied that he understood Sun Alliance was proposing to challenge the Government's alleged "secret report." The report was apparently known to at least two of the Sun Alliance directors who were MPs—Sir Geoffrey Howe and Mr. Hugh Fraser—and any secrets would soon be known to the shadow Cabinet, he assured Mr. McCrindle, as Labour MPs mocked the silent Tory benches.

Mr. Ivor Stanbrook (C., Orpington) retorted that the Government sanctions were "quite unlawful." He added: "It only requires a firm with the courage to take the Government to court to bring the whole ramshackle edifice down in ruins."

A "handful of firms" was scarcely an edifice, Mr. Callaghan *replied*. "But I hope the Opposition and those who may be considering taking the Government to law on this will also consider the impact if wages go on a runaway race once again with the resulting inflation which we have so painfully now overcome.

"That is what the public is concerned about," he declared.

Mr. Michael Foot, Leader of *the Commons, later rejected fur*ther demands from Mrs. Thatcher for a Government statement on the sanctions. The Tory leader said: "We simply cannot carry out a pay policy by threat and without reference to this House."

The Speaker, Mr. George **Thomas**, also refused a request from Mr. Peter Hordern (C. Horsham and Crawley) for an emergency debate on the Sun Alliance affair.

Unionist attack on PR defeated

By Ivor Owen, Parliamentary Staff

BY A majority of 91, the Commons last night decided that the single transferable vote system of *proportional representation* should be used in Northern Ireland for the first direct elections to the European Assembly.

Despite securing support from over 100 Tory MPs an *amendment* to the European Assembly Bill, moved by **Mr. Enoch Powell** (UU Down S.), requiring that, as in the rest of the U.K., the traditional first-past-the-post method should be used in Ulster was defeated by 241 votes to 150.

Mr. Douglas Hurd, chief Opposition spokesman, denied that Tory leaders had pledged support for the amendment as part of a deal to secure the return of the Ulster Unionists to the Conservative camp after the next General Election.

With only a one-line whip in operation, there was a far from full attendance on the Conservative benches, but he "suggested" that those who were present should support the amendment.

Mr. Hurd refuted suggestions that Opposition *failure* to support PR marked a major change from the policy pursued by the Heath Government when it sought to *promote the concept of power* sharing in Northern Ireland.

The Conservative Party, he maintained, had always sought to limit the areas of difference between Northern Ireland and the rest of the kingdom. When PR had been used in Ulster, it was for elections confined to the Province. The Opposition believed that in elections such as those for the European Assembly, there should be a common voting system throughout the U.K.

Mr. Merlyn Rees, Home Secretary, contended that only the STV system could provide the minority community in Northern Ireland with an opportunity to secure representation in the European Assembly. But it had to be recognised that no-one could guarantee how the people of Northern Ireland would choose to vote.

Mr. Gerry Fitt (SDLP, Bel'as W.) bitterly attacked the Tory leadership. He claimed that the speech made earlier in the week by Mr. Airey Neave, party spokesman on Northern Ireland indicating that the shadow Cabinet no longer regarded power-sharing as a practical concept, confirmed that Mrs. Thatcher and her colleagues had decided to "renege" on the policies of the Heath Government.

"They are playing the Orange card to get the votes," he said. *Similarly*, in her speech on immigration, Mrs. Thatcher had played the "black" card. Mr. Fitt declared: "These are the absolute extremes to which the Conservative Opposition is prepared to go."

The Home Secretary caused consternation at one point when he agreed with Mr. Powell that the logic of the Government's case for introducing proportional representation in Northern Ireland for elections to the European Assembly could also be applied to elections to the House of Commons.

But he rapidly made it clear that no "hint" of future Government policy had been implied by his words. "I was musing," he *explained*.

Patriotic Front given Rhodesia settlement veto, Tories claim

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT'S position on Rhodesia was condemned by the Conservatives in the *Commons yesterday as "absolutely* intolerable."

Dr. David Owen, Foreign Secretary, reporting on his talks in Malta with the leaders of the Patriotic Front, received the full backing of MPs on the Government side of the House. But the exchanges revealed a significant hardening in the Tory position.

Mr. John Davies, shadow Foreign Secretary, and a succession of Tory backbenchers, adopted a much tougher line than on previous occasions.

The Foreign Secretary told the House that the necessary measure of compromise between the various parties in Rhodesia was lacking and "tragically and regrettably, it appears inevitable *that the armed struggle will, for* the present, continue."

The Government believed that the original Anglo-American proposals still offered the best chance of a settlement.

If Britain was to shoulder the responsibility for bringing the territory to independence, there must be an assured cease-fire in co-operation with the United Nations. In addition, there had to be the control necessary to maintain law and order during an election.

There were Tory shouts of "Shame" and "Resign" as Dr. Owen completed his statement. The main complaint was that the Government was failing to take *advantage of the opportunities* offered by the internal talks now going on between Mr. Smith and the African nationalists, represented by Bishop Muzorewa and the Rev. Sithole, in Salisbury.

Mr. Davies protested that Dr. Owen's statement asserted that the Government was only prepared to continue seeking a settlement on the basis of the Anglo-American proposals. "You should realise that such an attitude appears to us to be absolutely intolerable," he warned.

Mr. Davies wanted to know how the Government could maintain such a position when, in the Salisbury talks, Mr. Smith had acknowledged the necessity of *universal adult suffrage*.

Dr. Owen's statement said Mr. Davies, had clearly implied that only when the Patriotic Front agreed to stop fighting was *Britain prepared to move towards* a peaceful settlement. "*Isn't this to give a veto to the Patriotic Front?*" he demanded.

He wondered whether Dr. Owen had proposed to the Front leaders, Mr. Joshua Nkomo and Mr. Robert Mugabe, that they should involve themselves in peaceful and orderly discussions with other Rhodesian nationalist leaders.

Mr. Davies also wanted to know whether it was true that the Foreign Secretary had com*municated with the nationalist* leaders in Salisbury with a view to hindering the progress of the talks there.

In reply, Dr. Owen assured *him that he had never said that* the Anglo-American proposals were the only basis for a solution. He had constantly made it clear that the Salisbury talks had made progress.

Dealing with the allegation that Britain was giving the Patriotic Front the right of veto on a settlement, Dr. Owen said: "It *is* a fact that while two armies fight each other, we need both sides to agree to a ceasefire. The question of achieving a ceasefire between two armies, neither of whom has won or lost a battle, is an extremely difficult thing to achieve."

He had urged the Patriotic Front to talk to other nationalist leaders. The differences of opinion between the nationalist leaders was one of the most serious problems facing Rhodesia.

The Foreign Secretary denied that he had tried to hinder the Salisbury talks. He had indicated that all the parties had a right to be consulted, inside and outside Rhodesia.

● *In the Lords, Lord George-***Brown**, former Labour Foreign Secretary, said that many feared that Dr. Owen was "allowing *himself to drift into a position* where he is not merely seeking to work with all parties, but is showing rather exceptional priority—almost partisanship—for those who boast of their power to kill and conduct armed bloody struggle.

"He is showing much less than that for those who are seeking to negotiate on behalf of the same people—black and white in Rhodesia—a settlement by peaceful means."

Lord Goronwy-Roberts, Foreign Office Minister of State, defended the talks with the Patriotic Front. "For a peaceful and orderly settlement, there must be a ceasefire. The people to cease fire are those who are firing — the Patriotic Front. This is the element missing from the otherwise commendable internal talks in Salisbury."

There could be nobody more dedicated than Dr. Owen to achieving a peaceful and orderly transition of power, the Minister added.

Lord Carrington, Opposition leader claimed that the Anglo-American initiative was "virtually dead." The African leaders inside Rhodesia would not agree to the Anglo-American proposals when they were conducting their *own negotiations in Salisbury*.

Flaws in job creation scheme, says report

BY RUPERT CORNWELL, LOBBY STAFF

SERIOUS FLAWS in the operation of schemes under the Government's job creation programme—to which £166m. of public funds have now been allocated—were revealed by Whitehall's Exchequer and Audit Department yesterday.

The scheme was introduced in October 1975 as a temporary measure to alleviate unemployment. But it has been progressively extended until December 1978, by which time local authorities and other bodies, including private firms, will have backed projects generating 115,000 jobs.

However, in the latest Appropriation Accounts, covering the 1976-77 financial year, the Comptroller and Auditor-General, Sir Douglas Henley, reports that of 190 *non-local authority projects* checked by the Manpower Services Commission, which handles the programme, no less than 54 had defects.

"Two were reported to be in financial difficulties, 18 in a financial muddle and others showed various financial irregularities or doubtful practices. I also noted *significant delays in the submission* of statements of expenditure, with £1.23m. advanced to non-local authority sponsors unaccounted for by March 31, 1977," Sir Douglas says.

The Commission's excuse was that the frequent extensions of the programme had made thorough checking difficult, while it had also been prevented by staff shortages from carrying out as many audits as it intended.

Part of the problem was the increasing number of voluntary *organisations involved in the* programme, which lacked the necessary business experience. However, the Commission claims that it has now more or less built up the number of staff it needs.

On the local authority side, the Comptroller comments that final audited claims were sometimes *still very late "though this* seems endemic in local authorities." But instructions had been issued to follow up cases where audited accounts were still outstanding.

By March 31, 1977, almost 7,300 projects costing £100m. and providing 71,732 jobs had been approved. Under the programme, administered by about 200 staff, sponsors agree to accept responsibility for the financial side of a scheme. The Commission, in return, pays for approved wages, employers' National Insurance *contributions* and agreed administrative costs up to 10 per cent. of labour costs.

SCOTLAND BILL

Time to assess the damage

BY RUPERT CORNWELL

THE COMMONS will at last now be able to enjoy a brief release from a subject that has been exercising MPs unrelentingly *for two days a week since last* November—the little-loved Scotland Bill.

During the pause, Ministers will make up their minds what *to do about the two biggest holes* shot in the legislation during the 14 days of its Commons Committee stage: the celebrated 40 per cent. minimum "Yes" vote amendment, and the proviso allowing the Orkney and Shetland Islands to opt out of a devolved Scottish administration, should they so wish.

As matters stand, the Bill is badly damaged, but perhaps not beyond repair in the report and third reading stages in two or three weeks' time. The whole package then disappears to face another searching and critical examination in the House of Lords.

Two of the four points on which the Government was defeated in committee are of more psychological than practical importance. One was the deletion of Clause 1, which had declared that the measure would not *damage the unity* of the kingdom; the other, on Clause 40, freed an Edinburgh Assembly from any pay policy operating in the rest of the U.K.

Ministers attach top priority to watering down—and, if possible, expunging—the 40 per cent. proviso, even though they are publicly unworried at the threat *of the Scottish Nationalists to* vote against the whole Bill on third reading should nothing be done.

The Government will do its *best to remove any reference to* a minimum level of approval in the consultative referendum likely this autumn. To leave matters where they are, it is felt, would set a constitutional precedent, which could have the *gravest implications*.

But such is the resilience in this case, of Labour dissidents, led by the redoubtable Mr. George Cunningham, MP for *Islington S. that they may have* to settle for something less: either to reduce the 40 per cent. figure to, say, 30 or 35 per cent., or to replace it with a minimum, not of the entire Scottish electorate, but of those who actually turn out to vote.

The other serious reverse, on Orkney and Shetland, seems to be causing much less bother, which may be as well in view of the fact that the majority of 86 to be overturned is far more forbidding on paper than that of 16 for the "Cunningham" amendment.

Ministers appear to believe that not only is it much less injurious to the Bill but also that they have a good chance of find*ing an alternative safeguard* formula which will satisfy Mr. Jo Grimond, the former Liberal leader, whose proposal it was.

Above all, though, Mr. Michael *Foot is pinning his hopes of success* on the shortness of MPs' memories. Without question, the two defeats on the night of January 25 owed a great deal to his own clumsy attempt to manipulate procedure and to lingering antagonism after the announcement of a guillotine for the European Elections Bill, so detested by many Labour back benchers.

The end of the committee stage at 11 p.m., on Wednesday evening, was curiously uneventful after the protests that *had accompanied* the operation of the guillotine throughout those 14 days.

Rees waits for judgment on Isle of Man birching

MR. Merlyn Rees Home Secretary told MPs yesterday that pending the judgment of the European *Court of Human Rights*, the use of birching as a form of punishment remains a domestic matter for consideration by the Isle of Man Government.

Mr. Ivor Clemitson (Lab. Luton E.) asked: "If the Isle of Man Government will not itself end this practice, will you initiate action in this House to do so?"

Mr. Rees replied that he felt it would be better to wait and see what happened. Although he felt strongly about the use of corporal punishment, there were wider issues involved.

Asked by Mr. Norman Atkinson (Lab., Tottenham) for his personal views, Mr. Rees said he would repeat what he had stated on previous occasions—that he was against birching in this country.

Mr. Neil Marten (C Banbury) suggested that *the people of the* Isle of Man knew best how to deal with the problem. "They have been very successful with their maintenance of law and order. Should we not leave the decision to them?"

Mr. Rees said that: one could take a small area of Britain—where there was no corporal punishment—and find that crime there was less than in the Isle of Man.

Next week's business

MONDAY: Private members *motions; debates on Commons* broadcasting and report of Committee of Privileges.

TUESDAY: Debate on Government industrial strategy; Shipbuilding (Redundancy Payments) Bill.

WEDNESDAY: The European Assembly Elections Bill.

THURSDAY: Inner Urban Areas Bill: Medicines (Exemptions *from Restrictions on Retail Sale* of Veterinary Drugs) order.

FRIDAY: Private members' Bills. Lords business is:

Tuesday: Suppression of Terrorism Bill, second reading; debate on EEC reports on research and development policy.

WEDNESDAY: Debates on North Sea oil and the firemen's strike.

THURSDAY: Education (Northern Ireland) Bill, *report; debates on* the helicopter industry and the option mortgage scheme.

LABOUR NEWS

Didcot freight centre moving to new site

BY PAULINE CLARK, LABOUR STAFF

THE DIDCOT freight distribution centre in Oxfordshire is finally pulling out of its 200,000 square feet building to a site one-seventh the size, after more than *two years blacking* by dockers in Southampton and Felixstowe.

The move signals a victory for Transport and General Workers' Union members in the sea ports who have been blacking container traffic to the centre because they fear it represents a threat to their jobs.

It also puts paid for the time being to any lingering hopes that Didcot will become the ambitious and thriving inland port that was intended when the centre was opened in 1974.

Mr. John Swanborough, chairman of the Didcot Distribution Company, which owns the port, said yesterday that final negotiations were taking place to rent the entire building to BAT Industries as a warehouse.

With traffic to the port having remained "consistently at a fraction of the amount envisaged originally," BATs have already been occupying three-quarters of the building since October, 1976.

After negotiations on the final quarter have gone through, the inland port will move to a 30,000 square feet building elsewhere on the 3m. square feet Milton trading estate.

Subsidiary

Mr. Swanborough, whose company was set up as a joint commercial enterprise between a *subsidiary of English Property* Corporation and Howard Tenens Services company, took the view that the blacking action by the dockers was the last straw in a *series of events* which prevented the port evolving as planned.

He believed that the aspirations for the port were "over-optimistic" in the first place and that the economic decline had also significantly contributed to the failure to reach traffic targets.

His view that the present row over restrictive practices by members of the transport union is "now academic" is unlikely to be shared in political and railway union circles.

Mr. Sid Weighell, general secretary of the National Union of Railwaymen, is concerned that unofficial blacking action affecting Didcot by *TGWU* members is preventing the use of specially laid rail links to the centre. He believes it represents attempts by lorry drivers to keep freight transport *on the roads*.

His *fears* have been increased recently by signs of direct intervention by TGWU members at Didcot to prevent Cowley cars being transported to the centre by rail.

Mr. Weighell said yesterday that he was expecting a reply shortly from Mr. Jack Jones, TGWU general secretary, to an invitation to joint talks on the problem.

Tanker drivers warn petrol stations over prices

BY NICK GARNETT, LABOUR STAFF

TANKER DRIVERS operating an overtime ban in pursuit of a wage claim outside pay guidelines warned filling stations in some areas yesterday that if they charged "excessive" prices, they would not receive petrol deliveries.

The Motor Agents Association said that if the Government *stepped in to control maximum* petrol prices, the market would almost certainly return to "normal" with prices in urban areas rising to meet those in the rural districts.

One oil company has produced figures relating supply cuts to increased prices which appear to show that some garages are using the overtime ban—which has started to cut supplies by about a third—to increase profits.

The figures show that for a garage in a suburban area with unchanged fixed overheads and selling 4-star petrol at 77½p, a 1½p rise would maintain profit margins if there was a 30 per cent. supply cut, and a 2½p rise for a 10 per cent. cut.

For rural *filling stations* selling at 81p before the ban, the comparable rises would be 3p and 5p. Some filling stations, have raised prices by as much as 10p.

The same company said, however, that a survey at its stations yesterday showed no general rise in prices since the day before the ban came into force.

The motor agents said "reasonable" price rises were justifiable during the dispute to safeguard the jobs of forecourt attendants.

Profits for many garages were being squeezed very dangerously.

The Road Haulage Association said its members could soon be affected and this might involve cuts in food deliveries.

Over the past *few* years hauliers have cut their fuel reserves—now normally 2½ days—because of rising costs.

The drivers have been offered 15 per cent. rises, including 5 per cent. productivity. The companies say the improvements the drivers are seeking would result in an overall settlement of 20 per cent.

Formula may end lorry strike in S. Wales

BY ROBIN REEVES, WELSH CORRESPONDENT

A PEACE formula which may end the four-day-old strike by South Wales lorry drivers was yesterday being discussed by unions and management. The dispute has been threatening to cause widespread disruption and lay-offs throughout South Wales industry.

The formula was agreed between representatives of the *independent haulage* contractors and transport union leaders at talks initiated, and presided over, by the Advisory, Conciliation and Arbitration Service.

Details of the proposed settlement were not immediately available, but both sides agreed to recommend the terms to their respective members and to meet again tomorrow morning, hopefully to finalise a wages agreement. In that event, a resumption of work would take place immediately.

Union officials said yester*day that picketing was being* eased during discussion of the peace formula in order to avoid triggering lay-offs, which have been threatened in a number *of industries*.

The lorry drivers were demanding consolidation of phase one and two pay increases over the past *two years* into a new basic wage, before the addition of a further 10 per cent. rise. Employers were prepared to offer only a further 10 per cent. supplement on the basic wage, which stands at £40 for a 40-hour week.

Home workers hold up tax collections

BY PHILIP BASSETT, LABOUR STAFF

WORK on tax collecting arrangements for the next financial year is being held up by members of the Inland Revenue Staff Feder*ation because of the low rates of pay* for sub-contracted home workers.

Members of the 64,000-strong federation are refusing to handle 1978/79 tax return forms until they are satisfied that home workers putting tax change slips into Inland Revenue returns are paid fair rates.

Mr. Jack Ashley, Labour MP *for Stoke-on-Trent South, has* asked Mr. Albert Booth, Employment Secretary, for an investigation into allegations that home workers are being paid 25p for dealing with a box of 600 forms —a rate of between 12½p and 25p an hour.

Mr. Anthony Christopher, the federation's general secretary, said in a letter to the Board of *Inland Revenue director-general* that his members were angry at "the scandalously low rates of pay."

● Underpaying employees is still widespread and is often deliberate, a report by the Low Pay Unit says to-day.

The report, The Charge of the Wages Brigade, says that 24 per cent. of employers were found to be underpaying staff when inspectors carried out a survey last year.

Lloyds Bank computer staff threaten action

By Our Labour Staff

LLOYDS Bank work may be disrupted by industrial action by 250 computer staff unless the bank's management agrees to claims for unsocial hours shift payments at a meeting next week.

The bank's Cashpoint facilities on Saturday mornings, their busiest time, would be hit by industrial action by the computer staff, who are members of the *National Union of Bank* Employees.

Branch accounting work would *also* be severely held up. If the computer staff decided to strike they could force the closing of Lloyds branches.

The data processing staff want shift premiums of 10-50 per cent. of their individual basic rates.

Steel early closure agreed

By Our Welsh Correspondent

EAST MOORS' 600 craftsmen have told their national union leaders they are willing to go along with the early closure of the British Steel works.

However, their agreement to the early closure of the Cardiff plant is subject to British Steel's agreement to generous redundancy terms.

Their demands reportedly include 100 per cent. of earnings up to January 1, 1981—evidently part of the price for early closure also demanded by members of the Iron and Steel Confederation, the largest union among East Moors' 3,300 workforce.

This is substantially above the redundancy claims paid out to secure the early closure of Clyde Iron and Hartlepool, although the circumstances are different.

Under the Beswick plan for phasing out of old steelworks, East Moors was due to close in January 1980. Earlier closure is being sought in order to try to help stem British Steel's losses.

● NEWS ANALYSIS—ENGINEERS

National deal in balance

BY ALAN PIKE, LABOUR CORRESPONDENT

ANNUAL talks on a new national pay and conditions agreement in the engineering *industry must often give the* impression of taking place in an atmosphere of phoney war.

Unions call employers miserly and employers call unions *unreasonable over a pay claim* which means nothing in terms of direct pay increases for most engineering workers. The industry's two-tier negotiating system *means that real earnings are* determined at factory level.

This year's negotiations, complicated by the 10 per cent. pay guidelines, have proved more difficult. Both sides acknowledge that, when talks resume between the Engineering Employers Federation and the Confederation of Shipbuilding and Engineering Union in London to-day, *it* may be impossible to reach agreement.

This would mean the end of a national agreement in the nation's biggest industry and possible industrial action by engineering workers.

The confederation submitted a claim for an increase in basic weekly minimum rates from £42 to £70 for craftsmen, and from *£33.60 to £55 for labourers*. This would raise the industry's annual wage bill by 7.9 per cent. The Engineering Employers Federation in turn offered to *raise craftsmen's minimum rates* to £52 and labourers' to £40.

Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, leading the negotiations, called the offer derisory. The union has already begun to recall its national committee, which may decide on industrial action to improve the national offer.

The employers and the union have a strong common interest in wanting the national agreement to continue. National minimum rates are used to calculate holiday pay, overtime and shift premia and also as a basis for incentive schemes.

The minimum rates form the industry's minimum wage. Without a national minimum wage, employers who paid below average rates would expose themselves to claims under Schedule 11 of the Employment Protection Act.

One of the main obstacles to agreement is the question of how much of the 10 per cent. available under the pay guidelines *should be allocated nationally*, and how much kept in the kitty for local bargaining.

Engineering Employers Federation negotiators said that *most of the money must be kept back* for bargaining at factory level, where "real" wage increases were determined. They would do nothing to expose member *companies to the risk of Govern*ment sanctions—which means that a new national agreement would have to be introduced gradually on the anniversary of domestic settlements.

The employers have so far made no offer on other aspects of the confederation's claim, including a reduction in the working week and increased holidays. Union negotiators will not be able to settle easily for minor improvements.

INTERNATIONAL AND GENERAL APPOINTMENTS

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COMPANY NOTICES

NORTH SEA OIL REVIEW

BY RAY DAFTER

New dimension to crude sales

THE FINAL stages of the Thistle Field development programme have been dogged by foul weather which has so far provided offshore operators with greater-than-usual problems this winter. However, weather permitting the first flow of commercial oil should be recorded within the next few days.

The start of Thistle production will mark another important phase in North Sea development. At peak producing rates, the field will add around 200,000 barrels a day to Britain's oil output. The field is the first commercial venture to be operated by the state-owned British National Oil Corporation. Just as important, Thistle oil will feature in BNOC's new role as an international oil trader.

In the past week the Government has completed state participation agreements with the Thistle partners: BNOC, Deminex, Santa Fe International, Tricentrol, Burmah, Ashland, Conoco, Gulf and the Charterhouse Group. The result is that BNOC has gained access to well over half of Thistle's output under several different arrangements.

The Corporation owns 16.2 per cent. of the 550m. barrels of estimated recoverable reserves through its equity interest in the field. But it will have access to much more through participation agreements which provide the Corporation with options to buy up to 51 per cent. of its partners' output. If the Government decides to take royalty in kind, rather than as cash (as seems quite likely) the Corporation will gain a further 22,000 barrels a day of oil by 1981, according to estimates of stockbrokers Wood Mackenzie.

Unique deal

There is more to the Thistle deal, however. A unique agreement signed last week makes BNOC the commercial buyer of all the oil produced from the Thistle block 211/18 by the Charterhouse Group. The trading pact, which replaces the more normal participation deal, took the best part of 18 months to conclude, largely because it was the first of its kind. It will be studied closely by other independent groups which have minority interests in commercial fields.

This special deal came about because Charterhouse's stake in the field is so small: 0.06 per cent. to be exact. Under normal participation terms it might have taken Charterhouse around eight months to produce enough oil to fill just a small tanker for BNOC; that could have meant eight months of deferred revenue for Charterhouse.

The Charterhouse Group had to find a buyer for its crude for it has no refinery interests of its own. Apparently there were three big companies negotiating to buy the Charterhouse share of Thistle: two oil companies with international trading interests and BNOC. Interestingly the two oil groups were short on crude, in that their refinery needs were greater than their oil producing capability. BNOC was in a totally different camp. It has no refineries to feed, but the prospect of abundant crude supplies.

Competitive

Charterhouse could receive some $140m. (at current prices) over the life of the field as a result of the deal. Around half of this will come from Thistle itself. The remainder would come from reservoirs around Thistle not yet fully appraised. This assumes that these unnamed reservoirs are exploited, of course.

A senior Charterhouse executive said yesterday that the terms of the arrangements were negotiated on an arm's-length basis and were competitive with alternative terms offered by companies bargaining from a crude-short position. "The arrangements represent the natural outcome of two teams of experienced oil personnel negotiating over a lengthy period," he said.

Although that comment might be construed in the oil industry as trumpet-blowing on the part of Charterhouse it does indirectly bestow credit on BNOC's growing oil trading department. The team of traders, now almost 10 strong, is currently concluding its first batch of sales agreements. It is believed these include a British Gas Corporation consignment of Beryl crude to Shell; an early tanker load of Thistle crude to Continental Oil; and part of the British Gas Corporation's share of production from the Montrose Field. The details are being kept a commercial secret but in oil trading circles it is believed that the Beryl and Thistle crudes might be fetching around $13.70 a barrel with Montrose being sold for nearer $13.75 to $13.80 per barrel.

BNOC will become a major influence in the oil trading market, which is one reason why the Corporation is now setting up a special unit to monitor world crude prices. By 1980 the state group will be handling between 800,000 and 1m. barrels a day of equity and participation crude. Crude oil, taken as royalty, will add to the figure so that by 1981 BNOC could be responsible for the sale of about half of Britain's North Sea oil production.

The significance of that can be gauged from the fact that BNOC will be controlling perhaps seven to 10 per cent. of the world's total output of low-sulphur premium crude; oil that is sought worldwide as a refinery ingredient for making light products such as petrol and chemicals. National control over such an important part of this type of oil must strengthen the Government's hand in any political or economic negotiations with oil importing countries. This point cannot have been lost on the Cabinet which makes it all the more surprising that the Department of Energy seems to be insisting that exports of North Sea oil should be severely restricted.

It would seem that a more sensible approach would be one of flexibility. On this basis companies might be told to replace only their imports of premium crude with North Sea production—something that commonsense would lead them to do anyway. Any surplus North Sea oil could then be used to replace other imports or sold on the international market. Few would grumble if the Government maintained reserve powers so that in the event of some disruption to world crude oil supplies, for instance, it could ensure that North Sea oil would always be available to the U.K.

In a sense, this has been the declared Government policy. Under the so-called Varley guidlines, oil companies are expected to refine up to two-thirds of North Sea production in the U.K. Over the past few months oil companies have been using slightly less than 60 per cent. of their North Sea crude in U.K. refineries.

However, there are signs that the Energy Department is adopting a tougher attitude towards North Sea oil disposal. Oil companies are having to justify the need to export more than a third of their U.K. production. In other words the target is being raised: companies are now expected to refine two-thirds (not up to two-thirds) of North Sea oil in British refineries.

The reason for this attitude is understandable. The Government is anxious that multinational oil corporations should not view the North Sea merely as a means of meeting refinery demands overseas. It wants the companies to use British oil to stimulate growth in the British refinery and petrochemicals sectors. Trade unions, involved in the oil industry, are applying pressure to this end. A national oil unions brief, recently submitted to Mr. Anthony Wedgwood Benn, Energy Secretary, states: "The oil unions stand for maximum downstream developments based on North Sea feedstocks. Within this the Government ought to regard the target of two-thirds of North Sea crude being refined in the U.K. as a minimum target."

A brief submitted to Mr. Wedgwood Benn by the U.K. Petroleum Industry Advisory Committee paints a different picture from the companies' point of view. "Pursuit of fixed targets like two-thirds could lead to gross refining diseconomies which would not add to employment but could adversely affect the balance of payments and the U.K. value added."

Flooding the U.K. oil industry with premium crude will not in itself lead to downstream expansion. The over-riding factors to be considered are the likely growth in demand for oil products and the refinery mix of crude oil needed to make them. This is the key to the whole issue. The industry does not need to use a majority of light, low-sulphur oil to make its present range of products. It can make do with a majority of heavy, lower value crude. Oil companies argue that it would make much more sense to continue importing large volumes of this heavy crude and benefit the trade balance by exporting substantial quantities of more valuable North Sea crude together with products made from the optimum refinery mix.

Payments loss

Indeed, the companies have calculated that refiners could lose between 53 cents and 98 cents a barrel by unnecessarily refining North Sea crude. Wood, Mackenzie has estimated that a loss to the balance of payments arising from an inflexible two-thirds policy could be £36m. this year. By next year the loss could have risen to £105m. and by 1981 the penalty might be as severe as £169m.

This North Sea/refinery issue is far from settled. The proposed tripartite meeting later this month, involving oil companies, the trade unions and the Government, is a sensible forum for discussing this problem and the wider implications of EEC refinery policies. It is to be hoped that PIAC will seize this opportunity and not boycott the meeting, as it has threatened to do.

But clearly BNOC also has a central role to play. It will be responsible for the disposition of so much of the North Sea crude. There are signs that the Corporation favours a flexible policy. A high-powered team is now in the U.S. negotiating potential export sales. Sweden and Germany are other likely recipients of North Sea crude. It remains to be seen whether the Corporation can help to convince Government that a rigid two-thirds policy may not be in the national interest.

NORTH SEA CRUDE ACCESSIBLE TO BRITISH NATIONAL OIL CORPORATION IN 1981

(all figures in '000 b/d)

Field	Royalty	Participation Options*	British Gas Council's Interest	BNOC's Interest	Total	As % of Year's Production
Auk	1	4	—	—	5	50.0
Beryl	9	29	7	—	45	56.2
Brent	58	230	—	—	288	56.5
Buchan	5	20	—	—	25	55.5
Claymore	14	54	—	—	68	56.7
Cormorant	6	27	—	—	33	55.0
Dunlin	13	30	—	14	57	47.9
Forties	49	190	—	—	239	56.6
Heather	5	23	—	—	28	56.0
Montrose	5	16	14	—	35	70.0
Murchison	6	—	—	19	25	39.0
Ninian	37	60	—	62	159	47.4
Piper	28	108	—	—	136	56.6
Statfjord	3	—	—	9	12	38.7
Tartan	7	36	—	—	43	55.8
Thistle	22	60	—	29	111	55.5
TOTAL	268	887	21	133	1,309	54.1

*Including buy-back arrangements.

Source: Wood, Mackenzie

Minimum haulage tariffs opposed

By Ian Hargreaves, Transport Correspondent

STRONG OPPOSITION to further restrictions on entry to the haulage industry and any system of minimum tariffs comes to-day from the Freight Transport Association, in evidence to the Foster inquiry into haulage operators' licensing.

The association said that O-licensing has been "a signal success" since is began in 1968, requiring improvement only by stricter enforcement against operators known to be of dubious quality.

It advocated greater use of short-term licences to provide more frequent review of such operators.

But suggestions from road hauliers that fleets owned by industrial companies should be restricted from plying for hire and reward, or that there should be a return to any form of capacity control whereby operators are licensed only for certain categories of work, were rejected.

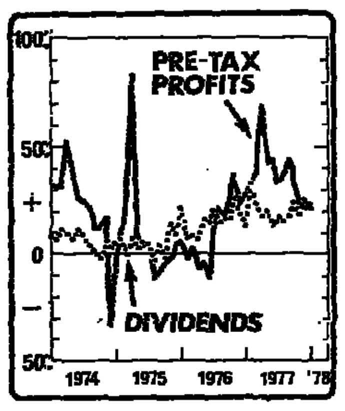
Demands of some hauliers for more protection from competition through licensing or a minimum tariff system were ill-founded. The industry's problems were related principally to the state of the economy, not the licensing framework.

January slowdown in profits rise

FINANCIAL TIMES REPORTER

THE SLOWDOWN in the rising profits trend evident in the latter months of last year was continued in the annual reports and accounts of industrial companies received last month.

The published reports of the 53 companies showed an increase in pre-tax profits of 22.8 per cent. over the comparable period a year previously.



This is an improvement on the 21 per cent. rise shown in December reports, but it compares unfavourably with the last three quarters of last year which showed increases of 48.7, 36.3 and 23.8 per cent., respectively.

Of the companies reporting annual pre-tax earnings of £15m. or more, only two, Bass Charrington and Hanson Trust, beat the average with gains of 32.2 per cent. and 27.1 per cent. respectively.

Dividend costs of the 53 companies showed an increase of 21.6 per cent. on those of a year earlier, much the same as the 21.8 per cent. rise of the last quarter of last year.

Individual dividend rises usually stayed within the statutory 10 per cent. limit, but English China Clays raised the net dividend by 45½ per cent. with Treasury permission after the company's £13.8m. fund-raising by means of a rights offer.

Some coach operators show losses

By Our Transport Correspondent

ALMOST 18 per cent. of coach operators lost money during their last reported financial year, according to a Jordan Dataquest survey published yesterday.

The survey looks at the results of 185 operators in the years ending 1975 and 1976. Although many of the loss-makers are coach operators who also run loss-making stage-carriage services, privately owned coaching concerns are shown to display "somewhat ragged" profit margins.

Of the top ten private unquoted operators in terms of turnover, four were losing money at their last reported year-end, giving an average profit margin of 4 per cent.

The strongest performers are shown to be Excelsior Holidays of Dorset and Glenton Tours, which is London-based. Glenton has been able to take advantage of the growth in demand for coach tours out of London by foreign visitors and had pre-tax profits of £246,000 on sales of £1.7m. in 1976. Excelsior had a similar profit margin with £147,000 pre-tax surplus on a turnover of £1m.

Comparison with nationalised bus and coach operators within the National Bus Company is difficult because of the mix between coach and stage carriage in the public sector.

The company's coaching and express subsidiary, National Travel is shown to have lost £661,000 on a turnover of £31m.

British Coach Hire Companies: Jordan Dataquest, Brunswick Place, London N1 6EE, £32.

HOME CONTRACTS

Marconi wins £4m. anti-sub. order

AN ORDER to supply a new, lightweight, acoustic processing and display system for installation on the Royal Navy's Sea King anti-submarine helicopters has been won by MARCONI-ELLIOTT AVIONIC SYSTEMS (a GEC-Marconi Electronics company. The mechanical engineering of the order, ultimately worth almost £4m., for an initial batch of five complete systems, which will be followed by the procurement of constituent units direct from the companies which produce them. More than 100 complete sets of equipment will be supplied.

★

HUMPHREYS AND GLASGOW SERVICES has been awarded a Department of the Environment contract worth £500,000 for for mechanical engineering of a covered ship repair shed for naval vessels, containing a new synchrolift and refitting complex, at Rosyth.

★

TAYLOR INSTRUMENT, Stevenage, Hertfordshire, has received a £50,000 order to equip a new part of the Lindsey oil refinery on Humberside, where their 1300T Series electronic transmitters will help monitor processes.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Major new outlets for copper alloys

RESEARCH AND test work is in progress which could have considerable influence on the use of copper and its alloys in the marine environment, not only for the tough conditions of the North Sea rigs, but also as the preferred cladding on ship plate.

An international conference is being called by the Copper Development Association on February 8 and 9 to hear a number of papers, several of which will consider the use both of copper-clad steel and of copper alloy for plating and the problems such applications would pose.

The venue is the Institute of Marine Engineers in London.

New copper alloy developments have been drawn on by designers of pipework, cooling equipment, pumps and desalination units for use on production and other platforms.

But at the same time, builders and research workers have been gaining experience of the use of cupro-nickel for small vessel hulls. The inference is that with higher fuel costs, there is a case in larger vessels for the eradication of roughening and fouling which slow down the ships by applying such copper-based materials, either as a cladding on mild steel, or as solid alloy.

One of the papers to be read will present the bases of an economic study which concluded that there would be justification for the use of copper-nickel clad steel plate for high speed vessels including container ships and chemical tankers.

Another paper will look at production methods for such clad plate and the possibilities of applying cladding post facto to steel structures.

Consideration will also be given to the alternative of solid alloy plate and to the economics of both systems.

INCRA work over the past ten years to find out the snags likely to occur in application and day to day use will be described together with specific processes likely to be adopted for the manufacture of the clad material.

Use of explosive welding for production of 70Cu-30Ni clad steel will be assessed and a description provided of the properties of the resulting hybrid and its behaviour during forming. The alternative method of inert gas welding of the same alloy to steel will be examined.

Although copper has a long history of use in the marine environment, present economic conditions and the need for extracting the maximum use from expensive vessels which need to be operated with minimum turn-around times could bring about a major expansion in the amount of alloy used in this area.

More from CDA, Potters Bar 50711.

Plastics in power plant

MONTEDISON is experimenting with a new heat-resisting polypropylene which might be used largely in thermal plants.

The Italian chemical group says polypropylene could replace metals in heat exchangers for secondary cooling of thermal plants.

The use of the product was recently discussed during an Italian-Soviet meeting about energy problems held in Moscow. Montedison says Soviet officials expressed interest in the experimental product.

Montedison indicates that consumption of polypropylene could be spurred by its use in such heat exchangers. A plant of 1,000 Megawatts would need about 4,000 metric tons of polymer.

LAUNCHED IN Britain some six months ago, a state-of-the-art information capture terminal designed for Unilever Computer Services (UCSL) in Sweden is now being manufactured in the U.K. Though it looks like a medium-sized calculator, with a 18-key keyboard and display, it can provide a number of different functions, apart from capturing up to 60,000 characters of information from warehouse shelves, stores, order lists and so on. There is a program memory of 1,000 characters, which can be expanded to 4,000 characters when the user wishes to employ a number of sub-routines. The unit thus has a number of programs it can run and functions like a small computer. The M445 has attracted a great deal of attention in Europe since its inception and orders for it have outstripped the company's expectations. The UCSL Micronics Division has been expanded to 20 sales and systems personnel based in Berkhamsted, with a northern region office in Leeds. Agents have been appointed to provide marketing and support services in France, Germany, Belgium, Holland, Switzerland and Italy. UCSL Micronics at Chiltern House, 184, High Street, Berkhamsted, Herts, HP4 2AG. Berkhamsted 71741.

● PACKAGING

Printing on containers

DEVELOPED for the decoration of open-top plastics containers, is a four-colour offset printing machine, built by Kase Inc., of the U.S.

Now on stream in Superfos Packaging (U.K.)'s plant at Oakham, Rutland, it is thought to be the only equipment of its type in the world, and was designed and built to Superfos specifications.

Cost of the plant is understood to be in the region of £50,000.

The machine is stated to give ultra-precise registration and enables the company to print four colours, including certain types of tone work, in one operation.

Superfos is using its own Packline equipment, normally used by manufacturers to de-nest open-top containers for filling, to present the containers to the printing machine.

More from Superfos Packaging on 0572 3771.

● SAFETY

Protection from lightning

SELF-RESETTING lightning protection equipment in a new two-channel safety device which connects in series with Post Office or private signal lines, will protect electronic equipment from high-voltage transients or prolonged overloads.

No fuses blow when the unit operates. Instead, a relay temporarily disconnects the lines and then resets, allowing the equipment to continue working. Applications range from the protection of radio navigation beacons around airports against nearby lightning strikes, to safeguarding measuring instruments on transcontinental gas pipelines.

The MTL 370 contains a three-electrode gas discharge tube followed by zener diodes, and passes dc or ac signals up to a pre-defined level with negligible attenuation. In the event of a surge on either or both lines, the zeners limit the voltage reaching the equipment an, for surges exceeding about 250V, the discharge tube strikes, clamping to 30V and protecting the zeners from damage.

However, such large surges are relatively rare, and the situation that really taxes protective equipment is the more frequent and prolonged surge at less than 200V, which does not strike the tube and, if not inhibited in some way, would destroy the zener diodes. Other units incorporate fuses, which have to be replaced, but the MTL 370 utilises a two-pole reed relay with a life expectancy of 1m. operations.

Other features of the new design include law channel resistance (37 ohms maximum) and the facility for users to adjust the working voltage in 15 steps from 7V to 105V to suit different types of equipment. It has been evaluated by the British Post Office and "found suitable for connection to Post Office lines."

Further data from Measurement Technology, Power Court, Luton, Beds. 0582 23633.

● CONFERENCES

Talks about robots

SPEAKERS FROM the British Oxygen Co., Imperial Chemical Industries, and Nottingham University, will address the first annual state-of-the-art review of industrial robots and automation organised by the recently formed British Robot Association.

At the Selfridge Hotel, London, on February 22, delegates at the meeting will be able to see robots from ASEA, Hall Automation and Electrolux, and films by Kawasaki showing advanced assembly operations using industrial robots, and from the U.S. on worldwide industrial robot applications.

Details from the Association at 39, High Street, Kempston, Bedford (0234 853605).

● COMPUTERS

Memory is compact and fast

IMPROVEMENTS in its MOS manufacturing process have enabled National Semiconductor to produce a dense read only memory (ROM) which provides storage of 65,536 bits on a chip with access time of 450 nanosecond, comparable with existing MOS devices of only one-quarter the capacity. To be launched in the near future is a similar device with a much faster access time.

The company's new MM5235 needs only 5 volts supply and draws less than 130 milliamps. The device is organised into 8192 words of eight bits each and is completely static in operation. All inputs and outputs are TTL compatible.

It contains the equivalent of 80,000 transistors and is supported by a chip area only about 10 per cent larger than current ROMs with half as many bits.

National describes the process by which it makes its "Maxi-Rom" as a triple ion-implant metal gate n-channel MOS operation. This has allowed the designers to cut cell size by about half, decrease metal line capacitance and improve access time. At the same time, the number of process steps has been reduced.

The price of the commercial version is under £20 per unit in lots of 250 and it is anticipated that in large volume the per-bit price will go down to 0.015p. Since one device is the equivalent of eight 8-K ROMs, it will cost a designer 75 per cent of what he had to pay for memory hitherto when providing for program storage.

Using the same techniques, the company may bring out 128K and 256K devices in the next two years. In the next few months a 32K device of this type will be released.

Further details from National on 0234 211282.

● MATERIALS

Adhesive weather strip

LOCALISED CRACKS or gaps in roofs, walls or around glazing can be rapidly weatherproofed with a self-adhesive waterproof strip developed by Shell Composites.

It conforms readily to complex contours, and is said to be suitable for repairing gutters and downpipes. Available in 33-foot long rolls, two to 24 inches wide, it consists of heavy-duty aluminium foil, backed with a pressure-sensitive layer of modified bitumen which forms an immediate, permanent bond under firm hand pressure. Surface finish is matt grey/bronze.

The strip bonds directly to non-porous surfaces (if clean, dry and free from dust), while porous surfaces should be coated with the company's Super Penetration Primer. Bond strength increases with time. The bitumen adhesive is protected until required by siliconised paper.

Applications include repairing damaged lead roofing and flashings; damaged slates, tiles and downpipes; and weatherproofing glazing bars in roof lights and windows. For new construction, it can be used for flashing flat or pitched roofs, and for vertical damp-proof courses at door or window openings.

The maker is at Riverside, Saltney, Chester CH4 8RS (0244 674774).

The Management Page

EDITED BY CHRISTOPHER LORENZ

The great depression

BY NICHOLAS LESLIE

An ORC survey into the motivation of top management, while painting a depressing picture of the top executive's attitude towards pay, promotion and particularly the Government, shows that the majority remain philosophical about the consequences of pay policy.

PEOPLE IN the top echelons of management feel they have borne the heaviest burden in recent years as a result of pay restraint and inflation. They have had to tighten their belts considerably, have seen their career and standard of living expectations take a knock and have in many instances had to dip into their capital to maintain their standard of living.

These are some of the findings of a survey into the motivation of top management which was published yesterday. And it maintains that the morale of senior management in large companies has been damaged even more than that of management in general and that they are even more resentful and bitter of their lot. "When it is remembered that these are the key executives on whom commercial and industrial efficiency rests, it is clear that the situation has become grave," it is argued.

The survey has been carried out by Opinion Research Centre and is a follow up to another, the findings of which were published at the beginning of 1977. This time, however, the sample has been confined to senior management earning at least £12,000 a year in companies selected from The Times 1,000 list of top companies. The purpose of the survey, says ORC, was to demonstrate the ways in which attitudes, motivations and intentions of senior managers in large companies were different from the wider spectrum of British management. The cost of the survey has been met from donations by companies, although ORC emphasises that it has been given a completely free hand in conducting it.

ORC paints a depressing picture of attitudes among top management towards such things as pay and promotion and, most particularly, the Government. Overwhelmingly, it says, "senior managers in large companies see themselves as being discriminated against by the Government. Their views are much more strongly held than those in the broader sample of management. More than nine out of ten regard the Government's approach to management taxation as unfair, 85 per cent. echo this view regarding the Government's attitude to differentials, and almost three-quarters claim that the Government does not appear to regard the work of managers as being important, or worthwhile."

Yet, at the same time, it is top management which seems to be more philosophical about the reasons for their being constrained financially. Just under two-thirds of the 247 people embraced in the survey said they accepted that a reduction in living standards was a necessary consequence of pay policy to combat inflation, whereas just over half of management in general acknowledged such an inevitability.

Dichotomy

At the same time, it emerges as something of a dichotomy that despite their bitter feelings and disappointments more than half of the senior managers involved were finding their job more satisfying now than when they first started doing it and a further 16 per cent. felt they were getting about the same satisfaction. Even so, those who were less satisfied represented just under one-third of the total.

A very much larger proportion of senior management felt that British managers were badly paid—92 per cent., compared with 63 per cent. of the broader sample of management—and that by comparison with other groups managers had not been fairly treated under the pay policy. Here, the proportions were 93 per cent. and 68 per cent.

Among the groups which senior managers cited as doing better than they, were unskilled manual workers and skilled manual workers. But whereas only 8 per cent. of those in the broad management sample felt that the self employed were better off then they were, 23 per cent. of senior managers took this view. They also were more widely convinced than management in general that owners of businesses were doing better and that unionised labour was faring better—in fact more than one-fifth of senior managers took this view on unionised labour, compared with just 2 per cent of the broad management sample.

There was also divergence of opinion between senior managers and the broad spectrum of management on the influence of unions. Seventy per cent. were strongly opposed to the part played by unions in Government pay policy, compared with 57 per cent. among management in general, but only a half felt that unions had more influence than middle and lower management on company policy, whereas 60 per cent. of the broad management sample were of this opinion.

On a more personal level, nearly three-quarters of senior managers said that they would consider taking a job abroad, which compared with just over a half of those embraced in ORC's earlier survey. On the other hand, only 27 per cent. said that they were likely to look seriously for a job overseas within the next three years. And only 15 per cent. had taken any steps, such as enquiring about jobs or regulations, to move abroad.

A disturbing finding in the survey was that significantly more top managers than general management were unwilling to accept promotion because of the effects of tax on pay increases. And the same proportion—34 per cent.—also claimed to have actually turned down promotion opportunities either within their own company or with some other concern within the last three years.

It is therefore no surprise that senior managers in large companies also stated that their organisation had been having difficulties in finding people to fill senior positions in the past few years.

An indication of how reluctant senior management really is to move up the promotional ladder was given by over one in three senior managers saying they would refuse to move even for a £5,000 increase in salary.

The top managers reckoned they were also working much harder these days. Nearly half of those in the survey maintained that they were working more outside of office hours than they were three years ago — which is much more than the 28 per cent. of those in the broad management sample who gave the same response.

Expanding on the theme of how current levels of taxation act as a disincentive on managers, the survey comes out with the rather startling view that 84 per cent. of top managers — compared with less than half those in the broad management sample — agreed "that the Government's attitude towards pay and taxation of managers encourages people to break the law."

So far as the standard of living is concerned, 71 per cent. of the senior management sample said that there were things which, three years ago, they had expected to be able to afford, but which they now found they could not. The comparable proportion among the broad management sample was just over one half.

Difficulty

A significant number—42 per cent., compared with just 12 per cent. in general management—were having difficulty educating children privately. The type of economies they were making which were noticeably different from general management included wives dispensing with domestic help, cutting down on home entertainment, spending less on holidays and reducing savings.

Comparing Britain with other countries, the strong conviction emerges that a better attitude towards managers can be found almost anywhere else. EEC countries were cited by 69 per cent. of senior managers as the most likely to treat management better than Britain does, which is much higher than the 45 per cent. of general management who gave the same response. And 67 per cent. of the senior people named the U.S. as a country with a far more favourable attitude, whereas only 35 per cent. of management in general said the same thing.

A Survey of the Motivation of Top British Management, Opinion Research Centre, 30, Welbeck Street, London, W1M 8AB.

STANDARD OF LIVING OPINIONS FROM ORC SURVEY

QUESTION: Would you say that, in terms of your standard of living, you are better or worse off than you were three years ago?

	BOOSTER*	MAIN SURVEY†	
		All‡	Top Management
Sample Number	247	1,839	189
	%	%	%
Much better off	4	11	9
A little better off	10	27	19
No difference	12	15	16
A little worse off	19	27	30
Much worse off	54	19	24
Don't know	*	*	1

QUESTION: How do you expect your standard of living to be in three years' time compared to what it is at the moment?

	BOOSTER*	MAIN SURVEY†	
		All‡	Top Management
Sample Number:	247	1,839	189
	%	%	%
A great deal higher	5	9	11
A little higher	21	30	22
About the same	22	24	25
A little lower	26	21	25
A great deal lower	23	11	10
Don't know	—	5	6

** Booster represents the 1978 top management survey sample. † The Main Survey was published in 1977. ‡ "All" includes the 1977 top management sample on the Right.*

Highlighting the anomalies of British finance

Anatomy of U.K. Finance 1970-1975, by Christopher Johnson. Longman, £9.95. 275 pages

BOOK REVIEW BY BARRY RILEY

BRITAIN has a very odd economy. Its slow growth and meagre productivity have long been apparent from national income statistics. And the financial statistics introduced into regular publication in more recent years have thrown up many more anomalies.

It is strange, for instance, that whereas in Japan, France, Germany and the U.S. substantial company sector deficits have been the rule, industrial and commercial companies in the U.K. were in financial surplus for 16 out of the 21 years from 1952 to 1973 (the deficits in the other years being trifling.

For many years, too, the U.K. personal sector surplus was a [illegible] thing compared with the vast hoards of financial assets being accumulated by personal sectors in most other industrialised countries.

When at length—in 1974—Britain's sector financial flows briefly came to resemble those of overseas competitors (at least in the sense of a large personal sector surplus and a record company sector deficit of over £3bn.) the result went close to financial disaster.

Available financial statistics permit many relatively new insights into the British economy, even if full understanding does not always easily follow. Christopher Johnson's valuable book provides a comprehensive guide to the flows of funds between sectors, placing these in the context of national income and expenditure patterns. Real money flows allow a far more vivid picture to be presented than the distorting mirrors of "funny money" constant price techniques. The author builds on this to take the reader on a detailed tour of the various sectors of the economy, analysing their volatile reactions during six increasingly turbulent years.

In a sense, the very scale of the upheavals during the period—running from the end of the stern Jenkins Chancellorship through the frenetic initial years of Competition and Credit Control to the final inflationary peak in 1975 after the oil crisis—make Mr. Johnson's task more difficult. There is no shortage of discussion points, but there are few easy answers. The early 1970s was a period for demolishing theories not for establishing them.

How, for instance, can one explain the huge rise in savings during these years? Between 1971 and 1974 the personal sector surplus expanded from £911m. to £4.42bn., and the eagerness of the public to increase holdings of rapidly depreciating monetary assets surprised many economists. Christopher Johnson points to the need to relate the acquisition of financial assets to the level of holdings of existing stocks rather than—through a conventional savings ratio—to income. But this immediately poses fresh statistical problems, for sector accounts in the U.K. (unlike the U.S.) do not extend at this stage to balance sheets.

Elsewhere, new techniques lead to some more familiar conclusions. To come back to the example of companies, the obvious question is why a sector deficit which appears to reflect strength in other economies should imply weakness in the U.K. The author suggests that in the low growth, low return British industrial environment companies simply do not dare to expand on the basis of large increases in debt. In Britain the industrial risks are high, so financial risks have to be kept to a minimum.

Enthusiasm wanes

THE LACK of enthusiasm among senior management reflected in the ORC survey discussed above is mirrored in another survey just published which covers all the major industrial countries in Europe. Carried out by Eurosurvey—in a less exhaustive manner than ORC's survey—it indicates that executives in general have become disinclined to move or take career risks because the rewards are not worthwhile after tax.

Somewhat in contrast to ORC, however, is Eurosurvey's assertion that interest in jobs abroad, particularly among senior executives, is less than generally believed and is declining except among younger managers. However, Eurosurvey does appear to be drawing upon actual experience of executive movement abroad rather than statements of intent as in the ORC survey.

The most active demand in 1977 in France, Belgium, Netherlands, the U.K. and West Germany has been for marketing management and export and international management.

Eurosurvey, 140 Piccadilly, London, W1V 9FH.

Nicholas Leslie

LOMBARD

Use and abuse of double banking

BY COLIN JONES

ONE OF THE traditional ways in politics of prising someone out of a job is to give them less and less work to do. They either take the hint and resign, or they become so obviously superfluous that no one is surprised when they disappear in the next reshuffle.

Now I am not saying that the Government is deliberately using this ploy against the Monopolies Commission, though some observers might perhaps be forgiven for suspecting that something like this is going on. It is no secret that some of the more interesting sector examinations which have been referred to the Prices Commission—as a fig-leaf of respectability for the Commission's other tasks?—have not only been concerned with the bread and butter issues of competition policy but had actually been on the point of being sent to the Monopolies Commission by the Office of Fair Trading.

Widespread

The latest, albeit less blatant, example of poaching was the decision earlier this week to order a Price Commission investigation of recommended retail prices in bedding, and to follow it up with similar investigations in other sectors. Recommended retail prices may not be a matter which gets everyone worked up, but it is an important and controversial issue of competition policy. The practice appears to be more widespread in Britain than in other countries. It has largely emerged since resale price maintenance was abolished. And it can give rise to practices such as double pricing and bargain offers which are so open to abuse.

It so happens that the Monopolies Commission produced a first-class report on the subject as far back as 1969. The Commission found that the effects of the practice varied from trade to trade. In some sectors, where the prices charged tended to cluster around the recommended price, the effect was likely to keep prices higher than they otherwise would be.

Where, on the other hand, actual prices diverged substantially from the recommended price, the Commission thought the practice was likely to mislead shoppers, especially where the recommended price was set sufficiently high to enable retailers to show large price cuts. However, rather than ban the practice generally, the Commission thought the Government ought to have the power to order a case-by-case investigation and to ban the practice when it was found to be against the public interest.

The Commission's recommendations seemed as sensible as its analysis was well-founded. But what happened? Four years later the Conservative Government's Fair Trading Act made collective price recommendations a registrable agreement under the restrictive trade practices legislation and gave Ministers the power to ban price recommendations by individual manufacturers after a monopoly or merger investigation. This latter change merely reinforced the existing law and did not deal at all with the many situations involving price recommendations but not a monopoly (that is, a 25 per cent. market share) or a merger.

It was only last year that the Monopolies Commission's recommendation was taken up. But did the Prices Secretary give the task of conducting case-by-case investigations to the Office of Fair Trading and the Monopolies Commission, the most appropriate bodies and where it would fit in with the OFT's work on bargain offers? No. Mr. Hattersley gave it to the Price Commission which had just produced three reports on the practice covering much the same ground as the Monopolies Commission eight years earlier.

Speed up

Mr. Hattersley may say that the Monopolies Commission is too slow and cumbersome. But whose fault is that? It cannot initiate inquiries. Its staff is only one-eighth as large as the Price Commission's. Its budget does not so readily run to the use of outside consultants. And it believes it should not hurriedly arrive at findings which may have considerable consequences for the companies under investigation.

The first three points could be met by giving it more work to do and the resources to match. The fourth could be met by making the OFT responsible, not only as now for passing on all it knows, but also for formulating the public interest case before the Commission. Separating the investigatory and judicial roles in this way would not only speed up the Commission's task—so often has it had to wade through a mass of evidence before it could even begin to perceive the issues. It would also inject into the proceedings the rules of natural justice which have hitherto been so obviously lacking.

AROUND BRITAIN: STRATFORD-UPON-AVON

No profit grows where is no pleasure ta'en

The Taming of the Shrew

BY PETER CARTWRIGHT

FROM THE southern side of the Clopton Bridge, looking across the riverside park to the church, Stratford-upon-Avon looks very much as it did in Shakespeare's time. Turn the head slightly and the image is destroyed by the brash new Hilton Hotel and the little marina which has been created since the Lower Avon was made navigable for quite large passenger carrying boats.

Across the bridge the commercial pressures that are inevitable in one of the country's top tourist towns soon become apparent. Up to 4,000 people file through Shakespeare's birthplace alone in a single day. Even the week before Christmas there were 1,250 visitors in the town. In 1976 1m. people went to the five properties of the Shakespeare Birthplace Trust (compared with 200,000 in 1950), and although the figures have not yet been published many more made the same journey last year. Taking into account those who spent a day or two in the town without bothering about Shakespeare, the number of visitors was probably at least 1.75m.

So vast a number in a town of 20,000 inhabitants raises the question of whether saturation point has been reached. It seems especially close in the case of car parking. Many townspeople complain that car parks are not being enlarged fast enough, and some officials agree with them.

Tourists

Some relief is given by the riverside recreation ground opposite the theatre, open from Easter-October. But local inhabitants have to compete with tourists and other visitors when they go shopping. Short-term parking is provided in the streets, which helps to defeat plans to cut out traffic.

Demand for eating out facilities is reflected in the increasing number of restaurants. Some of this expansion has been due to the extra business attracted by the National Exhibition Centre some 25 miles away. It has also helped to fill hotel bedrooms more consistently, since many package tourists tend not to stay overnight.

The one organisation that seems to have the most positive plans for dealing with the growing pressures is the Shakespeare Birthplace Trust. There are other plans, it is true and one day, after a suitable interval for the public to have its say, they may be implemented. But there still is only the medieval, narrow Clopton Bridge to link the two banks of the Avon, and no by-pass. One of the very few major changes of recent years has been to route lorries of more than 3 tons away from the town centre. But segregating pedestrians from the traffic is still at an early stage.

The Trust, now 130 years old, continues to be the mainspring of tourist expenditure, estimated to bring in around £12m. This is about one-third of the total for the Heart of England country, which includes the Cotswolds, Warwick and Kenilworth castles, Ludlow, the Wye Valley, and many other historic and otherwise choice spots.

The Shakespeare Birthplace Trust is unique. It was created in 1847 with the purchase for £3,000 from publicly raised funds of Shakespeare's birthplace in Henley Street. In 1891 an Act of Parliament vested in the trustees the birthplace property and authorised them to buy other Shakespearean properties such as Anne Hathaway's cottage at Shottery, and Mary Arden's House. The Trust Act of 1930 widened the constitution to include representatives of universities (Birmingham University organises the Shakespeare Institute) and a fresh Act of 1961 redefined and extended the objects to embrace the promotion and study of the playwright and his works all over the world.

The Trust is a non-profit-making institution entirely dependent on ticket money for its income. "We are" as Dr. Levi Fox, the Trust's director put it, "immeasurably rich in assets, but we have no endowment fund and no future beyond the sale of the next ticket."

Not, it seems, that there is a great deal to worry about. Income is running at around £250,000 a year, but similar attractions in another country would surely be subsidised. It costs the hoteliers and shopkeepers of Stratford not a penny in rates to maintain and improve the Shakespearean properties that pull in the visitors and their money.

The Trust is concerned not only with the properties but with facilitating the ever-growing mass of tourists through them. While the tourist season has inexorably lengthened to all the year round—last year one of the first groups, from Japan, arrived in January—the peak still is in July and August. Moreover, the growth of package holidays, especially those involving coaches, has caused the Trust to carry out major developments like the landscaping of a coach park at Anne Hathaway's cottage to hide the vehicles.

20 coaches

It has been much more difficult to find a means to rid Henley Street of them. Nearly 20 coaches have been counted at a time, constituting the visually unacceptable aspect of tourism. But the Trust has received planning permission to build a multi-storey car park in nearby Windsor Street which incorporates an underground area for coaches with car parking space above. The complete scheme will cost about £1m., and involves demolishing some listed buildings, so that the consent of the Environment Department is needed before a start can be made. It will be necessary also to placate some members of the Stratford Society, who are totally opposed to razing such old properties.

The scheme has also run into criticism on the grounds that it will still further separate tourists from the many other attractions of the town. A decision on the project is to be taken shortly by the district council which, it is proposed, should buy the park when completed.

The council has six other towns of national importance within its boundaries, 61 conservation areas and 2,000 listed buildings, of which 200 are in Stratford. The Avon Valley plan has already opened up the lower Avon to largish boats from Evesham and there is a proposal, much more contentious, to open the higher Avon to Warwick. The council is very much aware of the special problems of the town and is dealing with them as a separate subject, something rather unusual.

Tough Tied Cottage can beat Bachelor's Hall and 'Frolic'

RACING

BY DOMINIC WIGAN

WINCANTON'S loss looks like being Sandown's gain. Royal Frolic and Our Edition, denied a run on the rain-sodden Somerset track (where yesterday's card was abandoned after no warning of a course inspection) have been re-routed to Sandown for this afternoon's £10,000 Leisure Caravan Park Chase.

Their presence strengthens an already strong field which includes Bachelor's Hall and Ireland's Tied Cottage.

Although Bachelor's Hall and Royal Frolic, who stand 6-1 and 8-1, respectively, in most Gold Cup lists, seem sure to dominate the market here, I feel reasonably hopeful that Dan Moore's 10-year-old Tied Cottage will come out on top.

A tough and robust bay, whose best performance last season came when he chased home Davy Lad in the Piper Heidsick prize, Tied Cottage is thought by his connections to be back to that form. If they are right in their belief Tied Cottage should take advantage of the 7 lbs he receives from the two market leaders.

Peter Cundell, who handles Bachelor's Hall, saddles Viewfinder for the two-mile Park Chase in which the Menelek gelding will be trying to concede 6 lbs and 18 lbs respectively to Rough And Tumble and Socket.

Although the eight-year-old cannot be ruled out on this ground, which favours him, I rather doubt that he will cope with the new possibly underrated Rough And Tumble, who should be ideally suited by this return to the minimum trip which he tackles for the first time since November.

There has been a good deal of Champion hurdle interest in Admetus (a 25-1 chance from twice those odds) and the Washington DC International winner who is arguably the best middle distance performer from the flat to have taken to the winter game, must win the second division of the February Hurdle if he is to keep the hopes of his Cheltenham supporters alive.

Admetus has been schooling impressively with other smart recruits in the Uplands string since running really well on his debut in the Bula hurdle won by Bird's Nest at Cheltenham in December. I shall be disappointed if he makes heavy weather of beating to-day's comparatively moderate opponents.

Earlier in the afternoon Admetus's stablemate, Ruby Wine, will be an extremely short priced favourite for the 26-runner first division of the February Hurdle.

He may win, but a better proposition, to my mind, is the once-raced Tarbank, a five-year-old Targogan gelding who impressed me when finishing fourth in a Panama Hurdle qualifier at Newbury before Christmas.

This strong bay is out of Cherrybank, a winner five times over fences, who is a sister to those smart chasers, Charles Dickens and Percy Crummles.

SANDOWN

1.30—Tarbank***
2.00—Rough and Tumble**
2.30—Tied Cottage*
3.00—High Ken
3.30—Sound Prospect
4.00—Admetus

APPOINTMENTS

Sir Alex Page joins J. Lyons

Sir Alex Page, chairman of Metal Box, has been appointed a non-executive director of J. LYONS AND CO.

★

Mr. Ron Canning, of Harefield Rubber, has been elected chairman of the newly-formed STRIP CURTAIN SUPPLIERS ASSOCIATION. Mr. Roy Hood is vice-chairman and Mr. John Watton, secretary.

★

Mr. Alan Williams has been appointed a director of FILM PACKAGING, a subsidiary of Terinex.

★

Mr. J. B. Fitzpatrick has been appointed a member of the NATIONAL DOCK LABOUR BOARD until July 31, 1979, on a part-time basis. He replaces Mr. A. G. Robinson, who has resigned. Mr. Fitzpatrick is managing director of the Mersey Dock and Harbour Company.

★

Mr. G. F. Oliver has been appointed a director of the BARON SECURITY GROUP. For the past four years he has been the group's general manager.

★

Mr. G. R. H. Kitson has been appointed managing director of HILL SAMUEL INVESTMENT MANAGEMENT, and Mr. P. C. Axten, Mr. R. D. Green and Mr. R. W. Lewis have been appointed to the Board.

★

Mr. Leonard N. Bebchick has been elected to the Board of CALEDONIAN AIRWAYS. An American lawyer, specialist in aviation and regulatory matters, Mr. Bebchick has been associated with the company and its predecessor airlines for 16 years. In 1964 he was appointed joint company secretary, a post he will retain.

★

Mr. R. J. Snow has been appointed GKN GROUP purchasing agent and has resigned his positions in the GKN Fasteners sub-group. He is succeeded at GKN Fasteners by Dr. M. D. Skillicorn, who becomes sub-group divisional managing director of the bolts and nuts division, responsible for GKN Automotive Fasteners and the special products division. In addition he takes over as chairman of GKN Bolts and Nuts, Firth Cleveland Fastenings, GKN Spire Fasteners and First Cleveland Fastenings Europa BV.

★

Mr. J. L. Seccombe has retired from the Board of DUPORT and has resigned from all executive offices within the group.

★

Mr. Michael R. J. Newitt has become marketing director on the Board of CADBURY TYPHOO, a member of the Cadbury Schweppes group.

★

Mr. E. A. Allan has been appointed chief manager, European division, LLOYDS BANK INTERNATIONAL and a director of Lloyds Bank International (France) and Lloyds Bank International (Belgium) S.A. Mr. W. J. Byron succeeds Mr. Allan as chief manager, Latin America division, Lloyds Bank International. Mr. A. G. G. McWilliam has become chief inspector and Mr. A. S. Adams, chief manager (special duties).

★

Mr. Mark N. Ormerod has been appointed a director of NORTON WARBURG (BRISTOL).

★

Mr. T. L. Jose has been made a director of ERNEST A. NOTCUTT AND CO. and Mr. B. F. Stackhouse has joined the Board as a consultant director.

★

Mr. A. J. Clement has retired as a director of WHEATSHEAF DISTRIBUTION AND TRADING and from his executive offices and directorships within the group.

★

Mr. R. H. Cooper has been appointed a director and general manager of SIMON SOLITEC. He takes over the U.K. and overseas responsibilities of Mr. B. Ashton, who has left the company. Simon Engineering is the parent concern.

★

Mr. L. G. Carter is retiring from the Board of R. P. MARTIN AND CO. at the end of March. Mr. P. J. Watling has been appointed deputy managing director.

★

Mr. Frank E. DuBose and Mr. Rodney D. Wright have been appointed executive directors of FIRST INTERNATIONAL BANCSHARES.

★

Mr. Bill Francis, who has been appointed an executive director of Trafalgar House, is to be responsible for CEMENTATION INTERNATIONAL, a part of the Cementation group, not Cementation Holdings as we published yesterday.

★

Mr. J. D. W. Field has been appointed a non-executive director of HOSKINS AND HORTON.

★

Mr. Barry Lingard has joined the retail division of J. E. SANGER as managing director. He was previously director, non-foods with Asda Superstores of Associated Dairies.

★

Mr. John R. Kettlewell has been appointed senior vice-president in charge of the corporate finance department of INTERNATIONAL ENERGY BANK.

★

Mr. N. T. Stewart has been appointed secretary of WIGHT CONSTRUCTION HOLDINGS in place of Mr. A. R. Nicol who continues as a director. Mr. G. W. Fraser has retired from the Board.

★

Mr. Neville D. Root has been appointed managing director of BLACK-CLAWSON INTERNATIONAL in place of Mr. Peter D. Mosher who has become vice-president European operations.

Bell lion fetches £9,230

SALEROOM

BY PAMELA JUDGE

A SALE at Sotheby Parke Bernet of fine Americana which started its four-day run in New York on Wednesday, fetched $269,225 (£138,064) at the first session.

An American record for a native ceramic of $18,000 (£9,230) was paid by a New York dealer for one of four known Bell lions.

A pine carved and painted spoon rack fetched $8,500 (£4,358) and a rare slip-decorated plate made $8,250 (£4,230).

In London yesterday Sotheby's sold English and foreign silver and plate for £38,340. Spink gave £1,450 for a Queen Anne cylindrical tankard, while Koopman paid £950 for a similar but tapering tankard and £900 for a pair of George II figure candlesticks.

The second day of books on travel and topography realised £15,614, with only three unsold lots. Lascelles gave £540 for a series of plates of Swiss costumes.

In association with Sotheby's, Henry Spencer and Sons auctioned oriental ceramics, furniture and works of art in Rugby for a total of £23,689, with 29 items unsold.

At Christie's pewter and metalwork, English and Continental oak and eastern rugs and carpets were on offer. The sum realised, £60,006, included £1,600 from London dealer Trove for a 17th-century oak low dresser and the same price from a private buyer for a set of William and Mary dining chairs. Goossens, a Belgian dealer, paid £1,150 for a Qum silk pictorial rug.

European oil paintings went under the hammer at Bonham's to a total of £68,845, with 11 per cent. unsold. The highest price was £4,200 from A. and F. Gordon, for a scene at a race meeting by Pecha de Vega.

A possible auction record for a James Sant—£2,000—was given for *Little Red Riding Hood*, by Cooling. Patterson paid £1,800 for *Abbeville*, by Alfred Montague.

TV/Radio

BBC 1

† Indicates programme in black and white.

9.20 a.m. For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Mr. Benn. 2.05 For Schools, Colleges. 3.25 Trem (the problems of the South Tyrol). 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 a.m.). 4.20 It's the Wolf. 4.25 Jackanory. 4.40 Clangers. 4.55 Crackerjack. 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Sportswide.
7.00 The Pink Panther Show.
†7.20 "Sherlock Holmes In Washington," starring Basil Rathbone.
8.30 Porridge.
9.00 News.
9.25 Gangsters.
10.20 To-night (London and South-East only).
10.50 Regional News.
10.51 Max Boyce in Concert.
11.26 European Figure Skating Championships.
12.10 a.m. The Late Film: "You Don't Need Pyjamas At Rosie's."

All Regions as BBC 1 except at the following times:—

Wales—11.05-11.25 a.m. For Schools (Let's Look at Wales). 1.45-2.00 p.m. Sioncyn Sboncyn. 5.55-6.20 Wales To-day. 7.00 Heddiw. 7.25 The Countryman. 8.00-8.30 Sykes. 10.20 Kane on Friday. 10.50-10.51 News for Wales. †12.10-1.16 a.m. "Sherlock Holmes In Washington."

Scotland—10.23-10.45 a.m. and 11.05-11.25 For Schools. 5.55-6.20 Reporting Scotland. 8.30-9.00 Current Account. 10.20 Spectrum. 10.50-10.51 News for Scotland.

Northern Ireland—10.23-10.45 a.m. For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.20 Social Workers. 10.50-10.51 News for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth). 10.20-10.50 East (Norwich) On Camera; Midlands (Birmingham) The Garden Game; North (Leeds) Jimmy Savile's Yorkshire Speakeasy; North-East (Newcastle) Darling Grace; North-West (Manchester) Sit Thi Deawn; South (Southampton) The Young Question; South-West (Plymouth) Peninsula; West (Bristol) The Yate Debate.

BBC 2

11.00 a.m. Play School.
7.00 p.m. News on 2 Headlines.
7.05 Discovering Patchwork.
7.30 Newsday.
8.10 Kilvert's Diary.
8.25 The Money Programme: Michael Edwardes, British Leyland and the Ryder Plan.
9.00 Pot Black '78.
9.30 Horizon.
10.25 The Mayor of Casterbridge.
11.20 Late News on 2.
11.30 Closedown: Bernard Hepton reads "By Southampton Water" by Jeremy Hooker.

LONDON

9.30 a.m. Schools Programmes. 11.54 Felix the Cat. 12.00 A Handful of Songs. 12.10 p.m. Rainbow. 12.30 Cuckoo in the Nest. 1.00 News plus FT index. 1.20 Help! 1.30 Money-Go-Round. 1.55 Beryl's Lot. †2.25 Friday Matinee: "Knight Without Armour." 4.15 Horse in the House. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Mind Your Language.
7.30 Maggie and Her.
8.00 General Hospital.
9.00 The Professionals.
10.00 News.
10.30 The Sun Television Awards.
11.30 Police 5.
11.40 Baretta.
12.40 a.m. Close: Readings by Geoffrey Hinsliffe from Peter de Rosa's "A Bible Prayerbook for To-day."

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.25 Friday Film Matinee: "Lucas Tanner." 3.50 Out of Town. 5.15 Happy Days. 6.00 About Anglia. 11.30 TV Movie: "Go Ask Alice." 1.00 a.m. Men Who Matter.

ATV

1.20 p.m. ATV Newsdesk. 1.55 Indoor League. 2.25 The Sullivans. 3.25 Beryl's Lot. 3.50 Stars On Ice. 5.15 Wish You Were Here? 6.00 ATV Today. 11.30 The Friday Night Film: "Not Of This Earth."

BORDER

†1.20 p.m. Border News. 1.55 Betty Boop Cartoon. 2.00 Matinee: "The Uncle." 3.50 Beryl's Lot. 5.15 Happy Days. 6.00 Lookaround Friday. 11.30 Fireside Theatre. †12.30 a.m. Border News Summary.

CHANNEL

1.55 p.m. Cartoontime. 2.30 The Friday Matinee: "The Liquidator." 6.00 Report At Six. 10.28 Channel Late News. 11.30 Late With Danton. 11.45 The Adventure World of Sir Edmund Hilary. 12.15 a.m. News and Weather in French.

GRAMPIAN

9.23 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 1.55 Indoor League. †2.25 Friday Matinee: "The Whole Truth," starring Stewart Granger. 3.50 Beryl's Lot. 6.00 Grampian Today. 7.30 Welcome to the Ceilidh. 10.30 Reflections, followed by road and ski report. 10.35 Points North. 11.35 The Frankie Vaughan Show.

GRANADA

1.20 p.m. This Is Your Right. 1.55 Untamed Frontier. 2.15 Friday Matinee: "Turnabout." 3.50 Beryl's Lot. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Kick Off. †11.30 Great Films of the Century: "Intermezzo."

HTV

12.30 p.m. The Cuckoo Waltz. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 1.30 Indoor League. 2.00 Women Only. †2.25 "The Small Back Room." 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.30 Police Woman.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.15-4.45 Cor Newn Cyngerdd. 6.00-6.15 Y Dydd. 7.30-8.00 Showcase.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. News, Road and Weather Report. 1.55 Betty Boop. †2.00 Friday Film Matinee: "Carnival," starring Sally Gray. 3.50 Beryl's Lot. 5.15 Pipet and Friends. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Phyllis. 10.30 Ways and Means. 11.00 Futures. 11.15 Late Call. 11.25 Baretta.

SOUTHERN

1.20 p.m. Southern News. 1.30 Indoor League. 2.00 Women Only. 2.25 Friday Matinee: Columbo. 3.50 Beryl's Lot. 5.10 Weekend. 5.20 Crossroads. 6.00 Day By Day (Channels 6, 11, 27, 42, 58 and 60). 6.00 Scene South East (Channels 10, 45, 64 and 66 only). 6.30 Out of Town. 11.30 Southern News Extra. 11.40 Risko.

TYNE TEES

9.20 a.m. The Good Word followed by North East News Headlines. 1.20 p.m. North East News and Lookaround. 1.55 Wish You Were Here . . . ? 2.30 Friday Film Matinee: "Seven Sinners." 3.50 Beryl's Lot. 5.15 Mr. and Mrs. 6.00 Northern Life. 11.30 The Friday Night Film: "Savages." 12.40 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 1.55 Friday Matinee: Ingrid Bergman and Yul Brynner in "Anastasia." 3.50 Beryl's Lot. 4.13 Ulster News Headlines. 5.15 The Brady Bunch. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.50 Police Six. 7.00 A Drop In Your Hand. 10.30 Two at 10.30. 10.35 Sportscast. 11.05 Friday Film: "Nicky's World," followed by Bedtime.

WESTWARD

9.20 a.m. West Country Job Finder. 11.50 Look and See. 12.26 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.55 Cartoontime. 2.25 The Friday Matinee: "The Liquidator." 6.00 Westward Diary and Sports Desk. 10.28 Westward Late News. 11.30 Late With Danton. 11.45 The Adventure World of Sir Edmund Hilary. 12.15 a.m. Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 1.55 Betty Boop. †2.00 Friday Film Matinee: "Carnival," starring Sally Gray and Michael Wilding. 3.45 Cartoon Time. 3.50 Beryl's Lot. 5.15 Calendar Sport. 6.00 Calendar (Emley Moor and Belmont editions). †11.30 Great Films of the Century: "Intermezzo," starring Leslie Howard and Ingrid Bergman.

RADIO 1 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.00 The Ted Heath Band (S) (from Radio 2). 10.02 John Peel (S). 12.00-12.05 a.m. As Radio 2.

VHF RADIOS 1 and 2: 6.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 10.02 With Radio 1 and 12.00-12.05 a.m. With Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Ray Moore (S) with The Early Show, including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The Ted Heath Band in Band Parade (S). 8.02 Neil Richardson conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Treble Chance. 10.30 Let's Go Latin with Carlos Romanos and his Dance Orchestra. 11.02 Brian Matthew with The Late Show. 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

‡ Medium Wave only

6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: Finzi and Moeran (S). 9.50 Piano Recital (S). 10.45 BBC Concert Orchestra (S). 11.45 Russian Song Recital (S). 12.30 p.m. Midday Concert, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 Midday Concert, part 2 (S). 2.15 Gabrieli String Quartet (S). 3.20 Schubert Sonatas (S). 4.10 The Avant-Garde Organ (S). 4.45 The Young Idea (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 16.30 Lifelines: Leisure and Recreation. 7.30 Scottish National Orchestra part 1: Webern, Berg (S). 8.15 The Philosophy of Composition (essay by Edgar Allan Poe). 8.35 SNO, part 2: Beethoven (S). 9.30 The Basques: Anatomy of a Vision (talk by Douglas Gifford). 9.55 Sandor Vegh violin and piano recital (S). 10.45 Music Now (Prauls Baillier at 75). 11.25 News. 11.30-11.35 And Tonight's Schubert Song.

Radio 3 VHF only—6.30-7.30 p.m. Open University.

RADIO 4 434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming Today. 6.35 Up To The Hour. 6.52 (VHF) Regional News. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued). 7.52 (VHF) Regional News. 8.00 News. 8.10 Today including news headlines, weather, papers, sport. 8.45 Yesterday in Parliament. 9.00 News. 19.05 Voice Of The People. †10.00 News. †10.05 Checkpoint. 10.30 Daily Service. †10.45 Morning Story. †11.00 News. †11.05 I Call It Joy. †11.50 First Impression. 12.00 News. 12.02 p.m. You and Yours. 12.27 My Music (S). †12.55 Weather, programme news. VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (from 2.00) from Birmingham, including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 The Green Wall Of Cyprus: The fighting in Cyprus in 1974 and the consequences. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 15.55 Programme news (VHF) Regional News. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Instant Sunshine (S). 8.30 Any Questions? 9.15 Letter From America. 9.30 Today in Synod. 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending . . . 10.55 My Delight. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.40 News.

For Schools (VHF only) 9.20 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Lobby. 9.20 London Live. 11.03 In Town. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 In Town (as 11.03 a.m.). 8.30 Black Londoners. 10.00 Track Record. 12.00-close: As Radio 2.

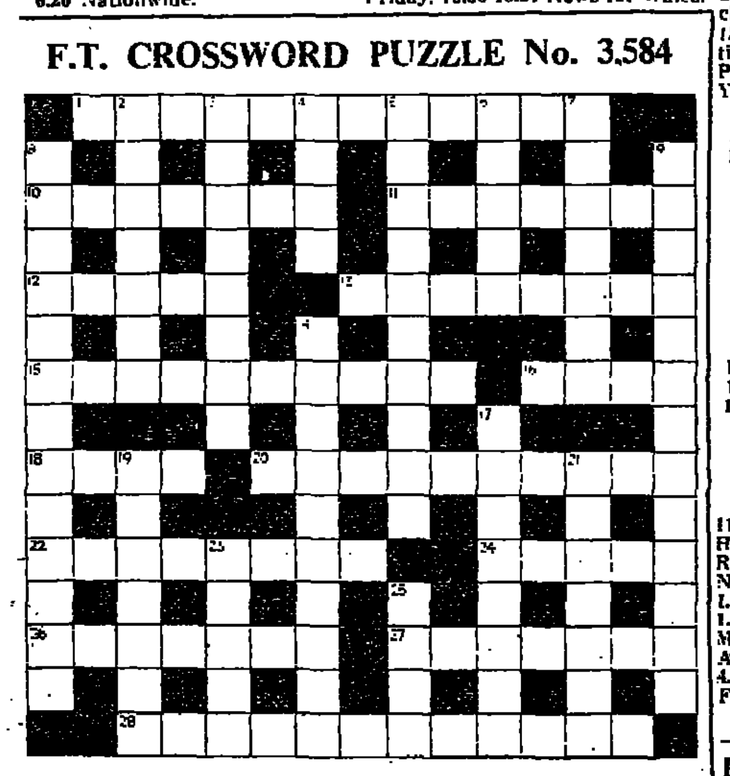
London Broadcasting 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 A.M.: non-stop news, travel, sport, reviews, information. 10.00 Brian Hayes. 1.00 p.m. LBC Reports including George Gale's 3 o'Clock Call. 8.00 After 8—with Ian Gilchrist. 9.00-1.00 a.m. Nightline.

Capital Radio 194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash with Cash on Delivery (S). 3.00 p.m. Roger Scott with his Three O'Clock Thrill (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Jonathan King (S). 11.00 Mike Allen's Late Show (S). 2.00 a.m. Ian Davidson's London Link International (S).

F.T. CROSSWORD PUZZLE No. 3,584



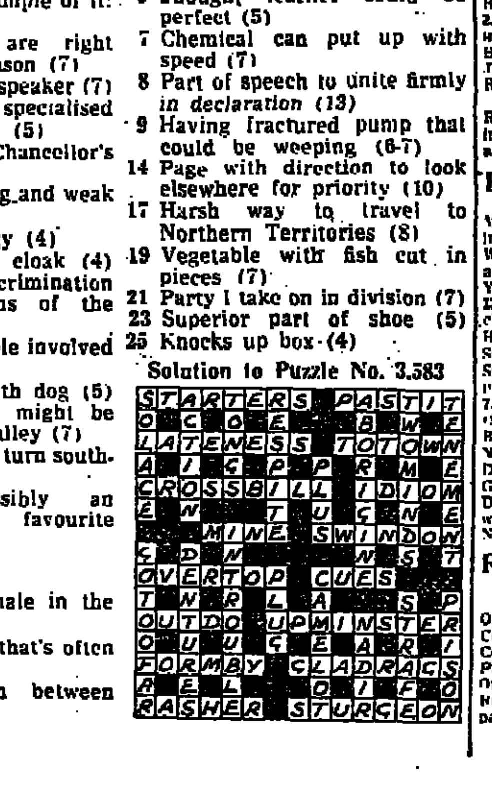
ACROSS

1 Young European uses eucalyptus! It's an example of it! (12)
10 Premises which are right before unusual season (7)
11 Little bird or loud speaker (7)
12 Does it sound like specialised skill? Not at all! (5)
13 Seat of Lord Chancellor's office (8)
15 Beneath soft ceiling and weak in spirit (10)
16 Intend to be stingy (4)
18 Caught animal in cloak (4)
20 In pursuit of discrimination and what remains of the flavour (10)
22 Place for late people involved in army tour (8)
24 Suffer at home with dog (5)
26 Northern inn pie might be found in bowling alley (7)
27 Take the chair and turn south-east in pride (7)
28 Committing possibly an offence for each favourite sailor (12)

DOWN

2 Bound to put female in the lead (7)
3 Pressing business that's often wrought? (8)
4 Comfort as seen between Orientals (4)
5 Moon starer? He may well be! (10)
6 Thought learner could be perfect (5)
7 Chemical can put up with speed (7)
8 Part of speech to unite firmly in declaration (13)
9 Having fractured pump that could be weeping (6-7)
14 Page with direction to look elsewhere for priority (10)
17 Harsh way to travel to Northern Territories (8)
19 Vegetable with fish cut in pieces (7)
21 Party I take on in division (7)
23 Superior part of shoe (5)
25 Knocks up box (4)

Solution to Puzzle No. 3,583



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Telex: Editorial 886341/2, 883897 Advertisements: 885033 Telegrams: Finantimo, London PS4

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Cinema

Sabres' dance by NIGEL ANDREWS

The Duellists (A) ... Plaza
Hamlet ... ICA
First Love (X) General Release
New French Films ... National Film Theatre

The Duellists is the story of an obsession. Two officers in Napoleon's army (Keith Carradine and Harvey Keitel) fight a duel one day after a casual altercation and during the next 15 years, bloodlust and honour never quite satisfied, they keep meeting to renew hostilities. Of the two, Keitel is the implacable provocateur, the man for whom quarrelling is a way of life, and Carradine is the gentlemanly, put-upon victim. Not that the film, based on a story by Conrad, ever weights the moral issue in one man's favour rather than the other's. Keitel is a sabre-happy bully, giving the traditional villain's twirl to his moustaches, but there is something more complex in his make-up than mere villainy and vindictiveness: an obscure hunger for some elusive notion of "honour." Carradine, by contrast, though the film's "hero" and the man through whose eyes we see the action unfold is also a procrastinator with a streak of cowardice: eager to avoid trouble except when the world's eyes turn on him to satisfy *their* ideal of heroism.

The film's director, new to features, is Ridley Scott. His background is in directing commercials and the first thing one notices about the film is its heady dose of visual prettiness. Every landscape has the shimmering, soft-focus beauty of a prize-winning photograph: every interior is awash with back-lighting. One could cynically describe the result as a cross between *Barry Lyndon* and a TV commercial—one sometimes expects the crooning tones of a voice-over to hymn the joys of some well-known brand of butter. But the film keeps transcending the posed beauty of its settings. I liked it more than many of my colleagues at Cannes last year, where it won the Best First Feature prize, and I like it still more after a second viewing.

The film's strength is in its quietness. It never tries to barnstorm or swashbuckle its way through a story that could so easily look as if it had leaped from the pages of Classics Illustrated. The dialogue steers an even course between colloquial and "period" language, and the performances are lean, watchful and reined-in: always on the brink of an unexploded passion. Both Carradine's pale and handsome hero, a Napoleonic Hamlet sicklied o'er with the cast of thought, and Keitel's troublemaker, scowling out from dark, unfathomable eyes, are perfectly tuned to the mood of the film. And the sense of sombre quietude spreads to the supporting performances, from the acid, drawling sarcasm of Robert Stephens' General to the grim politeness of John McEnery as Keitel's friend and duelling messenger.

Scott's influence seems almost to have been that of a conductor; keeping the film's tempo to a steady *andante* and pointing but never overplaying the crescendos of the duels themselves. These are the film's set pieces, and picturesquely varied: a duel at twilight by a ruined castle, a sabre-heaving contest of exhaustion in a dusty barn, a duel with pistols, a duel with swords on horseback in a misty birch forest.

The film loses momentum about two-thirds of the way through when the story unwisely allows Carradine time off to go home and become engaged to his neighbour's daughter (played by Christina Raines). Suddenly we are dropped down into the "real" world from the heightened, obsessional sphere in which the film has elsewhere lived and breathed. But that, and Scott's penchant for colour supplement photography, are the film's only major flaws. It wears its period setting with confidence, and it confers a real fascination and mystery on the duelling compulsion of its main characters. Last but not least among the good tidings, it is British-made.

*

So is *Hamlet*. Although it was directed by a young Spanish film-maker Celestino Coronado, the production was financed by the Royal College of Art, where Coronado was a student, and the cast and technicians were British. Coronado has taken Shakespeare's play and turned it into a Freudian *danse macabre* of considerable visual invention but rather less intellectual substance. Coronado's preceding film was a documentary portrait of Lindsay Kemp, that master of epicene hyperbole in the British theatre, and Kemp's style has rubbed off on this *Hamlet* with a vengeance: in the outre and androgynous costumes, the stylised, orotund performances and the Beardsley-esque delight in erotic decoration for its own sake.

The decorative overkill swamps the film's slender but subtle originality of conception. Coronado has had the bright idea of turning *Hamlet* into an essay in schizophrenia. Twin brothers, Anthony and Meyer, play Hamlet and his various "alter egos" (who here include both the Ghost and Laertes): Helen Mirren doubles as Ophelia and a beetroot-complexioned Gertrude: and Quentin Crisp plays a kind of unisex Polonius, motherliness and avuncularity rolled up togther into one mask of fey solicitousness.

But once it has mooted this two-in-one theme, the film doesn't know quite what to do with it: except to carry it to excess. The opening is strong, simple and vivid—a sleeping Hamlet being roused to action by his naked, twin-like father—but the decorative clutter accumulates thereafter until, in the climactic Play sequence, chaos takes over once and for all. Vladek Sheybal, a refugee from Lindsay Kemp's recent *Salome*, is there to camp it up in a diaphanous nightie as the Player Queen, and the *double entendres* of Hamlet's duologue with Ophelia are given a nudging over-emphasis as if for audiences who have never seen the play before.

It's a pity because Coronado obviously has great visual flair, and the film is an object lesson in how such flair can be expressed with limited technical and financial resources. The film was made on a shoestring budget: shot and mixed on videotape and then transferred to film. Paradoxically, although I don't think it "succeeds" artistically, the film is probably the most encouraging work to have come from an independent British film-maker in recent years. It shows the extent to which visual imagination can triumph over financial limitations. I only wish Coronado's imagination had not also triumphed over the necessary virtues of intelligence and coherence.

*

First Love is one of that growing breed of films whose one-dimensional storyline, ersatz characterisation and cramped, shallow-focus photography suggest that they were made with television principally in mind. William Katt (of *Carrie*) and Susan Dey play the star-crossed undergraduates who meet on a university campus, and after many a seminar sleep together. One waits for the relevation: is she dying of a fatal disease? It appears not. This couple's cross takes the form of an affair with a middle-aged married man from which the heroine is trying to extricate herself. Young love finally conquers all, but it is hardly worth waiting to find out. The Hollywood Romance died at the end of the 1950s, with the onset of the Permissive Age, and this is one more doomed, winsome attempt to bring it back to life.

*

Finally, for cinephiles and Francophiles, there is a season of new French films at the National Film Theatre. It includes new work by such as Michel Drach, Jean-Louis Bertucelli and Jean-Daniel Simon. The film Press-shown was Bertucelli's *Docteur Francoise Gaillard*: a worthy and workmanlike piece rather than an inspired one, but boasting a very fine performance by Annie Girardot as a middle-aged Frenchwoman suddenly confronted with the news that she has cancer.


Keith Carradine and Harvey Keitel in 'The Duellists'

Greenwich

An Ideal Husband

by B. A. YOUNG


Trevor Humphries
Anna Carteret and Frank Barrie

"The music is in German," says pert Mabel Chiltern to Lord Goring, the ever-young, ever-idle, ever-wise. "You won't understand it." It is a Schubert quartet in Robert Kidd's production, German with an appropriate Viennese accent: for at large in Sir Robert Chiltern's party is Mrs. Cheveley, the s i n i s t e r adventuress from Vienna, in a glorious gown of heliotrope by Bernard Culshaw.

Anna Carteret is as pretty as paint in the part, but there is something intrinsically villainous about her self-assurance at a party where her very presence is somewhat mysterious. What made sweet old Lady Markby ask her, when as we can see from Barbara Atkinson's playing she is the most guileless old darling in the world? Anyway, its no surprise when Mrs. Cheveley begins to blackmail Sir Robert ("Under-Secretary for Foreign Affairs at 40, that's good enough for anyone") into a Parliamentary deceit that will bring her a fortune. Luckily she leaves behind her a jewel that Lord Goring had given her years before, and luckily he is the one to find it, and he uses it to counter-blackmail her and all is forgiven, though not without a good deal of subsidiary bother.

The whole string of subsidiary bothers that precede the final curtain are so ludicrous that Wilde must by then have realised how absurd the whole set-up was and started to mock it. Probably the epigrammatic dialogue floated the plot above the judgment of the early audiences, but now that it has been imitated, sometimes successfully, by others for half a century the buoyancy is gone. "Personally I have a great admiration for stupidity," says Goring. "A kind of fellow-feeling, I suppose." Frank Barrie, his face made up to deepen the romantic hollows of his cheeks, throws these things of prettily enough, though I miss the sense of over-breeding required. Naturally he would admire stupidity, just as he would disparage conventional things like fathers, duty, charity or the House of Lords.

Robert Swann as Sir Robert lacks the panache for a wealthy and successful young man: he never meets his opponents with anything resembling pride. Lucinda Gane as his wife is pride itself, though too attractive to be a busy philanthropist and the embodiment of high moral tone. She has some difficulty in speaking lines like "That great inheritance throw not away, that tower of ivory do not destroy" and indeed who wouldn't? Her sister-in-law, pert Mabel, who marries Goring and deserves no less, is played with attractive pertness by Michelle Newell.

I suppose this play and *A Woman of No Importance* must be taken down and dusted from time to time, but it is no good expecting us to take them seriously. There were as many laughs around me at the bizarrerie of the situations as at the wit, and really some of the situations are the more bizarre matter. The wit is simply laid on like icing; in the last act there are two long passages — Mabel on Tommy Trafford and Lady Markby on her husband and on curates — that serve no function in the plot at all. I believe that Wilde, having exhausted the possibilities of wicked women from Vienna, realised that this was not the kind of play he could write, and wisely set himself to make fun of the whole business in *The Importance*.

Still, there is always this to be said for Wilde, that you tend to get, as here, some neat sets that waft you into a more elegant age, and dresses, as also here, that are exquisitely lovely.

New Gallery, Regent Street

Britten's Third Quartet

by MAX LOPPERT

From Benjamin Britten the Amadeus Quartet received a Third String Quartet in 1975. They played it first at Snape in December 1976, and then again at the Britten-Schubert Festival last autumn; the latter performance was broadcast. But a first London hearing was delayed until Wednesday's Amadeus recital of Haydn, Britten and Dvorak at the New Gallery. The wait has been worth the while. The qualities of economy and elusive strength can by now be reckoned for themselves, as it were, and not only as biography of the difficult and painful final period in which this wonderful work was created.

Shortly after the first Snape performance Gillian Widdicombe wrote in these columns of the "subtle virtuosity, the invention of great and sad beauty" of which Op. 94 affords so many potent examples. On Wednesday I was moved by the spareness, the paring down to essentials, characteristic of a last work, and by the explicit farewell therein to things and music loved (in the third and fourth movements the tribute to Shostakovich is both apposite and breathtakingly unexpected). But I had not expected to be so much stirred and heartened by the lean, toughly worked assertiveness that balances valediction.

Part of the fascination of the work must lie in its Janus-like nature—looking back and summing up, but also, in the new concision and cogency of each harmonic movement, looking forward. In the last chord, an enigmatic combination of arrival and departure in its very lay-out and sound, it is perhaps not too far-fetched to discern a symbol and summary of the achievement. That chord, along with other passages of quick, close-pressed discord and shifting intention, was somewhat ill-tuned in this strongly felt but rather roughly delivered performance. It seemed, altogether, to be an evening of Amadeus mannerisms —the opening Haydn quartet, the C major, Op. 74 no. 1, had been smudged and spoiled by Norbert Brainin's first violin at its most heedless and cavalier.

Royal Exchange, Manchester

The Dybbuk by MICHAEL COVENEY

S. Anski's extraordinary Yiddish drama has been a stalwart of the Habimah repertoire ever since Stanislavsky's disciple, Vakhtangov, produced it in Moscow in 1922. Braham Murray has taken the translation made by Henry G. Alsberg and Winifred Katzin for the New York production of 1925, in which Mary Ellis, resting her voice from the strains of operetta, played the rich girl, Leah, whose body is visited by a dybbuk, the spirit of her dead lover.

On one level, the piece is about daemonism, and carries a charge for modern audiences familiar with films like *The Exorcist* and *Audrey Rose*. But it is also a deeply reverberative fable of atonement, for Leah and the cabalist student, Channon, are the respective offspring of two old friends driven apart by the world. One rich, the other poor, their predestined marriage is denied by Leah's father, Sender, who wants a life of ease and luxury for his daughter and prepares to marry her off to a wealthy family.

By all accounts, the visit of the Habimah to the World Theatre Season of 1965 suggested to English audiences that *The Dybbuk* was no more than impenetrable hokum. The same cannot be said of Mr. Murray's production. In fact, not very much at all can be said of Mr. Murray's production beyond sadly reporting that it is deathly dull. Elizabeth Romilly as Leah is too much of a wilting English rose to convey anything beyond some form of extreme stomach cramp as a result of her mystical visitation. While Channon is played in the first act by Ian Hastings as a lisping dreamer instead of as a social outcast driven to cabalistic rites by sexual frustration. The love affair inhabits no higher plane than that of wistful romance; and Leah comes to the wooden synagogue to throw herself on the holy scrolls with all the committed flair of Mrs. Thatcher inspecting a steel foundry.

J. C. Landis, another translator from the Yiddish, has observed how the structure of the play depends on Channon dominating the first act; Leah, the second, Rabbi Azrael, the third; with the fourth working as a fusion of all interested parties. The learned Rabbi of Miropol is called in to investigate the case and exorcise the dybbuk. He does so by invoking the word of Torah and calling Sender's deceased friend from his grave to give evidence.

It is at this point that we learn of the family pact, and Sender is directed to provide money for the poor and to pray. In exchange, his old friend returns quietly to the cemetery, hatchet buried. As the attendant minion dons white shrouds and takes up black candles, the dybbuk is driven from Leah's body. But, in a finale of breathtaking poetic justice, the spirit returns to claim her soul and the Rabbi is thwarted in his race to fix the union desired by Sender as Leah and Channon are bound together in a dazzling light under the marriage canopy.

Anski insisted that his play was a realistic one, acted out by mystical characters. That collision of the country society of Brainitz with the Rabbi's Hassidic jurisdiction is never explored by Mr. Murray, except in the most feeble of terms. On the eve of her arranged marriage, Leah is danced off her feet by a group of crippled beggars before her fateful visit to Channon's grave. What should be a scene of orgiastic horror turns out a decorously begrimed tea-party. Similarly, there is no arresting echo to the Rabbi's imprecation that this maidenly branch of the imperishable tree of Israel should not be blighted. It is more a case of shielding the virgin from a fate worse than death. However, John Bennett manages a performance of gravel-voiced authority as the hesitant Rabbi.

Covent Garden

Ariadne auf Naxos

Around *Ariadne*, an opera that is at the very least a delightfully witty entertainment and other more serious and beautiful things as well, the Royal Opera has provided a dark and rather dismal frame. A black backcloth wraps the to-and-fro of the Prologue in an atmosphere of sinister portent; masked dummies peep out from behind pillars, impinging and intruding on the action. Last season, when the production was new, the effect was dampening. But at last night's revival it seemed that the producer John Copley had now managed to bring the participants forward, giving each a sharper identity and focus, penetrating the visual monotony and gloom. The work offers him a host of small, detailed comic parts to polish up, and this time around their ensemble was much more spiritedly contrived. Small things told as they should. The desparing kindliness of Geraint Evans' Music Master, the supercilious elegance of John Fryatt's Dancing Master, Paul Hansard's magisterially disdainful Major Domo were of special vividness.

In the Opera proper the visual handicaps are more serious still, and on this occasion were seldom overcome. But the problem here lay equally in the pit: Bernhard Klee, who had shaped the Prologue with firmness and a nimble hand in balancing Strauss's tricky small orchestra, was prey to fits of sleepiness, dragging sections of Ariadne's monologue in Zerbinetta's scena, and leaving far too much of the endless final duet to work up its own momentum. The house itself is too large for the opera, but earlier Mr. Klee and the orchestra seemed on the point of persuading one otherwise. A sudden glitter and flash around Ariadne's "Was hab'ich denn getrauemt?" were the exceptional moments in playing that was otherwise delicate but often slack (and on occasion, in important oboe and horn phrases, ill-pitched). The music needs to be played out into the house a good deal more; there is plenty of space in which to do it without overstretching the singers.

Yvonne Minton's Composer has discovered a good deal more of the richness and radiance, the full-heartedness, that the music of her scenes so fully deserves. Although in big climactic utterance, the voice was not pouring out with the complete freedom and evenness of which it is capable, this is now a worthy impersonation of an endearing and generous character, the single person in this otherwise determinedly artificial diversion to catch at our emotions. The scene with Zerbinetta went well, because Britt-Marie Aruhn, a Swedish soprano new to the house, understood exactly how to engage and then disengage with the boy in the right half-serious manner. Something of Swedish chalkiness colours Miss Aruhn's timbre in an attractive and individual way: the tone is not conventionally pretty, but it is, for a Zerbinetta, unusually interesting, and she did clear and brave things with it (and misfired once or twice in its highest reaches, but no more seriously than a good Zerbinetta on a nervous first night will).

Gratitude that Marita Napier was available for the title role when Heather Harper became ill, and admiration that at short notice she managed it entirely without accident, must still be tempered by regret that her singing was so uneven—a maddening mixture of unsteadiness in the low range, steely brilliance in the high, vagueness one moment and real, soaring grandeur the next. In the final duet the voice was more consistent. Her Bacchus, Alberto Remedios, at first unhappily heard from offstage through crude amplification, was in good form, clean and vigorous. A veil, though not of the kind finally dropped by the designer, should be drawn over their costumes.

MAX LOPPERT

Epsom Baths Hall

La Gioconda

Ponchielli's opera *La Gioconda* has not received a fully professional staging in a London opera house since Ponselle sang the title role at Covent Garden in 1929. Various semi-amateur productions and concert performances have kept the work on the outermost fringe of the repertory in this country, but none of them did justice to the spectacular side of the opera, to the Venetian setting and large-scale crowd scenes or the Dance of the Hours—an aspect of *La Gioconda* that has made it a favourite in the Verona Arena. Nonsuch Opera's production at Epsom Baths Hall last week could not make much of this aspect either.

But operatic alchemy is a strange, unpredictable process. The most unlikely materials can transmute to gold. In a cold, draughty, awkwardly shaped hall without proper stage, curtain or wings, the sound of fierce wind and rain clearly audible from outside, a little of the authentic magic came over and it was not only Enzo's ship that caught fire. John Furniss, who directed and designed the production, evoked Venice with some Brighton-rock mooring poles, a gondola prow, a lion to act as pillar-box for Barnaba's letter of denunciation. It was not the staging however ingenious as it was, that worked the small miracle.

Deeply sceptical of miracles myself, I sought for the motivating power behind this one, and decided that the answer lay in the conducting. Fraser Goulding shaped Ponchielli's sprawling score incisively, lending it a formal coherence not usually discernible, but his speeds were always comfortable for the singers—after all, *La Gioconda* is a singers' opera—and his support for them unfailing.

It is difficult to believe that the pen responsible for the marvellous economy of the text to Verdi's *Otello* also perpetrated the libretto to *La Gioconda*. Boito (or Tobia Gorrio as he anagrammatically called himself) did nothing to simplify the complex plot of the Victor Hugo play on which he based his text, nor did he do much to turn Hugo's cardboard figures into flesh and blood. Consequently the singers of the principal roles are left to create believable characters without any help. The six young professionals, severely hampered by the unattributed and out-of-date English translation, did very well in the circumstances.

Angela Bostock tackled Gioconda with intelligence; her voice, the tone sometimes unsupported in quieter passages, rang out firmly in the ensembles, while she phrased "Suicidio!" expressively. Claire Powell was an excellent Laura, her clear, bright timbre contrasting well with Miss Bostock's more pearly tones in the slanging match between the two rivals. Nicola Lanzetter, a genuine contralto with no trace of a hoot, sang affectingly as La Cieca.

ELIZABETH FORBES

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000
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A funny way round

THE CONSULTATIVE document issued yesterday on schemes for profit sharing through share ownership by employees is a straight concession by the Government to the Liberals. The TUC has shown little interest in this form of employee participation compared with proposals of the Bullock type, and a good deal of the left is opposed on emotional principle to the idea of a property-owning democracy. The Tories, though they put out a draft scheme of their own last year, are not all greatly enthusiastic about it, while the CBI has shown only a mild interest. The Liberals, who have been promised not only this consultative document but action in the coming Finance Bill as a condition of their continued support for the Government, can claim a genuine success.

Whether it is an important success when looked at from a less parochial point of view must remain doubtful. That all workers in a company should be encouraged to associate themselves personally with its fortunes is no doubt desirable. The most obvious way of achieving this result is to allow companies which are prosperous to pay higher wages and salaries than those which are less so, and to reward particularly well those employees whose hard work or skill has made a particularly useful contribution to prosperity.

Three schemes

But the various forms of incomes policy which successive governments in this country have operated on and off for several years past, and are now talking about operating for still longer in the future, have had the effect of destroying the incentive to move from an inefficient to an efficient company and of greatly narrowing the differentials due to hard work and skill. The most obvious form of employee participation has therefore been ruled out. An alternative is straightforward profit-sharing, used successfully by various companies in various countries to associate their employees more closely with the ups and downs of commercial prosperity. But the consultative paper rules out profit-sharing unrelated to share ownership on the grounds that this would be tantamount to payment of wages free of tax.

We are left, then, with three schemes which would provide some tax relief to employees who receive a distribution of shares in their company (there is a fairly low ceiling to prevent too much benefit going to directors and higher-paid employees) and are prepared to hold them for at least a certain period of time. The third of these schemes is that closest to Liberal ideas, and no doubt their part in the process of consultation will correspond to their responsibility for the whole exercise. But only a brief outline of the arrangements proposed is given in each case: important details have yet to be worked out.

Irrelevant

Even without these details, however, it is possible to make some general criticisms. Share ownership in the company for which one works involves the classic investment error of putting too many eggs in one basket. It distorts the tax system further in favour of one class of taxpayer. It may have the effect of discouraging mobility. It raises possible conflicts of interests between the rights of outside and employee shareholders. Unless a definite limit is set on the total percentage of the voting equity that may be held by employees, moreover, it raises in a more complicated but ultimately similar form the questions about workers' control on which it has so far proved impossible to reach agreement.

It is right, as we said earlier, that workers should be encouraged to feel more personally involved in the affairs of their firms. Some such scheme as these may, over the course of time, have some useful educational value. But the main criticism of the consultative document is that it is irrelevant to the main problem which successive Governments have themselves created—the dangerous rigidities in the system caused by incomes policy.

Rule of law, not of men

IN SUN Alliance Insurance the Government has encountered a larger and more resourceful adversary than some of the other private sector companies it has threatened with sanctions for what it believes to be breaches of the pay guidelines. The company has indicated that it will consider taking legal action if the Government should go ahead with its stated intention of using the powers conferred by the Counter-Inflation Act, 1973, to restrict the company's premium income—by, as it happens, a paltry 0.2 per cent. No one can deny the point made by the Prime Minister in the Commons yesterday that it is in everyone's interest for the general pay guidelines to hold, for the more they are exceeded the worse will be the outlook for both jobs and prices. But the threat of sanctions goes well beyond the familiar arguments about incomes policy and raises issues which concern the balance between the desires of Ministers and the rights of the individual.

Convention

The Government wants Sun Alliance to re-negotiate the pay settlement it made with its staff last October. This provided for varying increases in salaries amounting in all to an average increase of 9.9 per cent. At the same time, the rules of the staff pension scheme were changed so as to eliminate the staff contributions of 3 per cent. of salaries, thus bringing it into line with the non-contributory basis of most other large insurance companies' pension schemes. The company disputes the Government's contention that the elimination of pension contributions does not constitute an improvement in occupational pension schemes which were excepted from the pay limits. It also says that it has been advised that the Counter-Inflation Act, 1973—which was amended by last year's Price Commission Act—is not applicable, and that even if it were it could not be used to reduce premiums.

The legality of the Government's threat will be for the courts to decide, should the matter go that far. At this stage, it is the propriety of the Government's actions which needs to be questioned. In the first place, a clear distinction was made in the White Paper, The Attack on Inflation, last July between the need to limit the period between pay increases to a minimum of 12 months, and the need to ensure that the general level of pay settlements was consistent with a national earnings increase of 10 per cent. There were repeated Ministerial assurances that price controls and other sanctions would be used only to ensure compliance with the 12-month rule.

Because the Government had failed to win TUC acceptance of a more rigid guideline, and because of the need to ease some of the anomalies that had arisen during Phases One and Two, the White Paper stated unambiguously that "it is not possible to stipulate a specific figure at which individual negotiators should invariably settle," though settlements which were "clearly inconsistent with the policies set out in the White Paper" would be taken into account in the placing of public sector contracts and in the consideration of industrial assistance.

Even, therefore, if it were defensible for Ministers to use their controls over prices against settlements above the 10 per cent limit, the choice of those that are "clearly inconsistent" must inevitably be arbitrary. Ministers can turn a blind eye where sanctions would lead to a large loss of jobs or a showdown with a major union or a major employer—such as Ford—or, alternatively make an example of a handful of mostly smaller firms chosen mainly for the publicity achieved. There are in any case objections to using (or rather abusing) powers over, to take some recent examples, export credit, job saving, or industrial development in order to secure compliance with an ill-defined pay policy. However, the overriding question is whether the full force of executive power should be used against firms or individuals who have broken no known law but merely displeased Ministers or officials. The fear that this may happen has always been one of the strongest arguments against extensive Government intervention. "The end justifies the means" has never been part of the British tradition of law and justice. The rule of law applies to Governments and citizens.

Government proposals for profit-sharing

The Liberals make their point

ANYONE suggesting a year ago, when the Bullock Report on worker directors had just been published, that the Labour Government would now be producing a consultative document on employee share ownership would have been dismissed as politically naive.

Yet that is precisely what has happened. While the long-awaited White Paper following the Bullock Report will not appear for several more weeks, the Government has bowed to its political partners, the Liberal MPs, by publishing proposals for profit-sharing, which has never been part of Labour Party policy but has long been favoured by Liberals. Last year the idea was also put forward in a Conservative Party "Green Paper," which proposed certain income tax advantages.

So it is the Liberals and not the TUC, despite the social contract, who have made the running on employee participation. There is no chance of any post-Bullock legislation being enacted before the next election, while the Government intends to include profit-sharing in the Finance Bill this spring.

Even when the Bullock White Paper does appear, it will be a much-watered-down version of the Bullock ideas. The appointment of worker directors will only be a target for the future and there will be some other limited proposals for employees' statutory rights to company information and consultation on company plans.

In Britain, unlike some other countries such as the U.S. and France, profit sharing of either the cash handout or share ownership type has not raised much interest in the past. With its class traditions of conflict polarising differences between employer and employee, there has seemed little point in the limited participative advantages of giving workers some company shares or even some cash payment linked to profits.

While the Labour Party in 1973 toyed with the sort of national trade union-run collective funds favoured by socialist parties in Denmark and Sweden, union leaders generally dislike the idea of profit sharing. They are worried about the danger of "all eggs being in one basket" if a worker's livelihood and savings are tied to the one company. They also complain that such schemes can provide companies with a cheap source of investment funds and, if run nationally, rather than by individual companies, can become a back-door incomes policy by diverting money away from pay packets. In addition, share ownership has never yet given workers a significant say as shareholders in company affairs. Moreover, it is not calculated to advance Labour movement aims of redistributing wealth and changing the balance of power in society.

Participation policy

Conservatives do believe in the concept of a property-owning society and so like the idea of workers having an identifiable share of profits, providing they do not hold enough shares to influence the management. The Liberals see the shareholding type of profit sharing more positively as part of their employee participation policies (which also include workers' councils, worker directors and job enrichment programmes).

A Liberal policy document in 1968 said: "In order to promote social justice, spread wealth more fairly and enhance the sense of common interest between employees at all levels, and those who contribute their savings to a company in the form of outside capital, employees should be given a stake in the ownership, profits and capital of their companies."

There has been a growing City interest in the idea, with the Wider Share Ownership Council spreading the gospel of the small investor, and lobbying industrialists about the value that a new generation of worker-shareholders could have for the survival of the mixed economy. The council has estimated that there are barely 100 share schemes in the U K for all employees (as opposed to various share incentive ideas for senior executives), compared with nearly 200,000 schemes in the U.S where they have been developed over the past 80 years, often linked with pension arrangements.

The lobbying has had only limited success because many U.K. industrialists have up to now regarded the idea as a potentially expensive innovation which should not be regarded as a primary method of involving employees in company affairs, even though it might help to improve the employees' economic literacy. This view was endorsed by the CBI's employment policy committee at the end of last year.

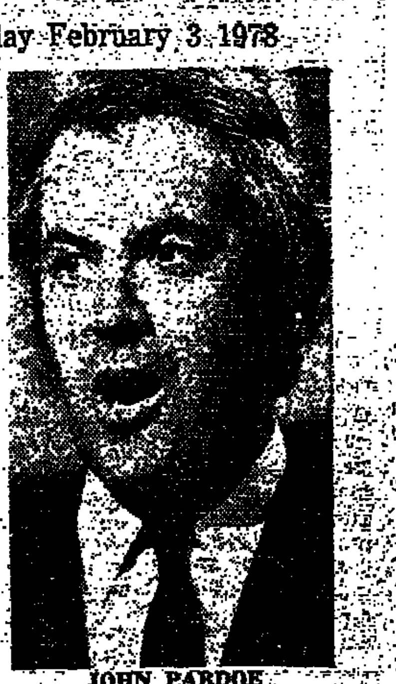
Some companies, particularly in the less militant and less unionised parts of British business, have, however, introduced schemes recently. They include some of the clearing banks (which have both cash handout and share schemes) Marks and Spencer, British Home Stores, H. P. Bulmer, and Habitat.

At the heavy end of industry, Lucas is one of the few companies with a scheme apart from ICI which has what is probably the most well known of all.

Started in 1953, it is regarded by the company as a useful but limited form of employee participation, and is being revised following a study in which shop stewards played a part. Employees receive up to about £200 a year on average in a profit-related annual share allocation (an alternative added value calculation is now being considered) and it is estimated that about 60 per cent. of the stock allocated over the years has been sold by the employees. The company would not want to pay out much larger sums—partly because the money could become too vital a part of an employees' income for him to put up with it being reduced if profits fell, and partly because at its present size it is small enough not to attract the attention of the unions. Being small, it also prevents the risk of the employees' total shareholding growing to a significant size—a factor which may influence views on the options contained in yesterday's consultative document.

John Elliott

LORD BULLOCK
... ideas being heavily watered down



JOHN PARDOE
... motive power for most radical proposals

Tax incentive for the formation of wealth

THE INLAND Revenue's consultative document on the liberalisation of tax on profit-sharing arrangements stems originally from an undertaking given by the Prime Minister to David Steel in July 1977, that the Government would consider ways of encouraging the creation of schemes for profit-sharing in private industry. The motive power behind the most radical of the three proposals is almost certainly John Pardoe.

The first two arrangements considered have many features in common, not least their apparent lack of a tax basis. Employees would be taxed normally on their earnings, but permitted to subscribe for shares out of their (net) resources. The price to be paid for those shares would be heavily discounted below the existing market value. Because the shares could not normally be sold within five years, the document envisages the restrictions being reflected by a possible 30 per cent. reduction in market value, and then postulates employees being allowed a further discount of 7 per cent. (10 per cent. of the remaining 70 per cent.).

The employee's advantage would be freedom from income tax on any growth in the value of his shares. The difference between the open market values, at the dates of issue and of release of restrictions on their sales would be a capital gain, not a part of his earnings. The existing tax legislation provides a similar treatment for the more restricted profit-sharing schemes, capable of approval under 1973 legislation.

One proposed scheme deals with employees subscribing for shares from net cash bonuses allocated out of profits or profit increases. The second, separate but not necessarily alternative, scheme is for subscriptions not tied to earnings, and possibly assisted by loan facilities.

Purchase by trustees

The Pardoe scheme puts forward a different method of profit-sharing. Shares would be bought on behalf of employees by trustees, but the purchase money would be an allocation of the company's profits, after corporation tax, but before the depredations of income tax under PAYE. This purchase by trustees would not be a taxable benefit for the employee. After shares had been held for the specified period the sale proceeds would be taxable in two parts: proceeds up to subscription cost would be within the income tax charge, but tax would only be calculated on 50 per cent. of this amount after five years, and on 25 per cent. after ten years. Any excess of sale proceeds over the subscription figure would be charged to capital gains tax.

All three of the schemes have restrictions considered below. One of these restrictions recognises that shareholders' equity should not be diluted beyond a certain level—a matter very close to the hearts of the Investors Protection Committees of the British Insurance Association and of the Association of Pension Funds. These bodies' current views are that something between 7½ per cent. and 10 per cent. is the maximum tolerable level of a company's share capital to be allotted under employees' arrangements in any ten-year period. The Revenue's suggestion is an annual limit of £415 for any employee for either of their schemes, or £500 for Pardoe's scheme.

The Revenue also makes it mandatory that any employee with five years service should be entitled to participate, thus preventing schemes set up mainly for the benefit of directors and senior employees. Owners of close companies are also debarred.

The period throughout which shares would have to be held in each scheme would normally be five years but could be brought to an earlier end by death of the employee, or by his loss of employment through injury, disability or redundancy. Retirement is not suggested as an occasion permitting premature sale.

If a participant fails to fulfil all the requirements of one of the new schemes, his tax liabilities will apparently be quantified under one of the existing sets of rules, either those relating to the presently recognised profit sharing schemes, or those for other incentive arrangements.

Profit-sharing schemes, as a tax concept, were first recognised in the Finance Act 1972. In the years immediately preceding it, against the background of a rising stock market, many companies were offering share options or share incentives as a tax-effective method of remunerating directors and employees. But options have had all tax advantages removed and it is now a change in the tax treatment of share incentive arrangements that is currently under discussion. Instead of giving the employee an option to take up shares at some late date, he is allotted the shares outright at the start. The employee's cash situation is kept broadly similar to that under an option scheme, either by allotting the shares part paid or by lending the employee most of the subscription moneys.

Since the shares became the employee's property as soon as allotted, tax was originally charged only at the issue date, and by reference to the then-value of the shares.

But what the Revenue promptly did, by successive bites in 1972, 1973 and 1974, was to make the issue date the occasion of a first charge but to provide also for a later and final settlement of the tax liability. This later tax is charged on the growth in value between issue and the time the shares become "unclogged," a Revenue word which requires explanation. An employee who had borrowed money to take up shares would normally not be able to sell them without first repaying his borrowing; similarly an employee with partly paid shares would not find a market for them until they had been fully paid up. These restrictions on the employees' ability to dispose of his shares are the "clogs" which he has to remove, but removal triggers the tax charge. The definition of what constituted a clog was progressively extended.

No charge on growth

But each of the Revenue's rule-tightening exercises recognised that there were arrangements where "normal," (or unclogged), shares were issued to employees, and where no charge on the growth in value was appropriate. This Profit Sharing Scheme legislation is the Finance Act 1973. Arrangements approved by the Revenue under the existing low involving the issue of normal shares and meeting other specified criteria, do not involve any tax charge after shares reach the employees' hands.

A similar approach is evident in yesterday's proposals which set out proposals on what shares can be issued to employees and require that they must be shares in his employer, or in a company controlling that employer, or a member of a consortium which owned either of these.

More importantly, the shares must either be listed, or must be in an unlisted company which is not controlled by any other. They must be shares of a class the majority of which were not originally issued as employee shares, and the dividends on them must be no different from other shares of that class.

The schemes envisage the employees not only receiving dividends throughout the period the trustees hold the relevant shares, but also that employees would be able to exercise their voting rights.

One hopes that the Revenue's attitude to all of these ideas is positive: it takes the opportunity to point out that any tax-effective arrangements are a distortion of the existing tax framework in favour of employees in the private, corporate, sector. Fiscal purity is usually the enemy of most desirable change.

David Wainman

MEN AND MATTERS

BP chokes on bio-protein

While the BP Board in London was deciding yesterday to postpone a final decision on the future of its joint venture oil-from-protein plant in Sardinia, its Italian partner ANIC declared in Milan that it proposed to lay off 50 workers employed at Italproteine and a further 120 at the chemical plant nearby which produces the feedstock.

It looks as if crisis point is near for a venture which started six years ago. Then the Italian chemical industry was desperately looking around for foreign partners to inject new technology, so the Cassa per il Mezzogiorno and other credit bodies promised lavish financial inducements. Italy as a whole was—indeed, still is—importing vast amounts of meat and animal feedstuffs. Sardinia itself is a major livestock producer and is but a short sea trip away from the Libyan oil feedstock.

It seemed the perfect combination. But for two years the shiny, now complete, £40m. plant has stood idle. The ecological lobby, understandably hyper-sensitive following the Seveso poison cloud disaster, put pressure to bear on the Ministry of Health, which has reversed its original go-ahead. Bureaucratic and political in-fighting has further confused the issue. In the background, Italy's deeply-entrenched soya and feedstuffs importing lobbies are also reportedly bringing their own, not inconsiderable, pressure to bear as well.

One of many ironies is that a large chunk of the capital grant which first lured BP to Sardinia is not payable until the plant actually becomes operational.

All of which is expensive, frustrating and not a little embarrassing for the BP Board. It had decided on the Italproteine venture in spite of the fact that the Italian oil operation had been steadily losing money because of Government refusal to raise the domestic oil price.

One year after entering the agreement with ANIC, it decided to sell out its Italian oil refining and distribution network. It did so at a time when BP, along with most other oil companies operating in Italy, was under a cloud for having contributed to the secret political fund set up by the petroleum industry association, L'Unione Petrolifera.

"When you are run over the quality of the car is immaterial!"

Well spoken

Quebec has officially declared Queen Elizabeth to be a "francophone" — quite a step forward for a province with such equivocal views on British royalty. Long before De Gaulle had stirred their separatist passions, citizens of Quebec City ostentatiously drew their curtains during the Queen's 1964 visit.

But this week, during a briefing for Quebec businessmen on the implications of the new French Language Charter, the royal relationship was adroitly drawn in by former Federal Minister Maurice Sauve, new vice-president of Consolidated-Bathhurst. The Francisation Director, Eric Blais, had defined as francophone anyone "who speaks French primarily or has a good knowledge of it." Sauve blandly asked if this meant that "the Queen of England was a francophone." Faced with this lese-majeste ambush, Blais stiffly replied: "That is correct."

Fortified journal

Sir Charles Forte is entering the lists against Victor Matthews, Trafalgar Houses publishing supremo, as I forecast last month. Sir Charles revealed then that he was interested in the Investors Review, a small fortnightly business magazine in the same field as Matthews' latest proposed acquisition, the Investors Chronicle.

Through Sidgwick and Jackson, which he controls, Forte has now won control of the IR, but not without coming to terms with the other bidder in the field: a consortium of three businessmen, two with publishing backgrounds. They are Chris Dolley, once chairman and managing director of Penguin Books, David Abramson, until Trafalgar's takeover of Morgan-Grampian an M-G director and major shareholder, and Stuart Pegg, a director of Lubok Investments before the Lonrho takeover.

These three managed to win acceptances to their bid for some members of the staff co-operative which owned the Investors Review—at the same time as Forte had successfully wooed others. A legal battle loomed to determine which side had gained control. But yesterday the two sides reached agreement in an out-of-court settlement. The shares are to be split 50/50. Messrs Dolley, Pegg and Abramson go on the Board together with Forte and his colleague Eric Hartwell: but Sir Charles gained the right to appoint the chairman, who has the casting vote.

He has invited Sir Gordon Newton, a former editor of the Financial Times, to take that job. The Investors Review's editor, Peter Shearlock, was yesterday enthusing about becoming a "bona fide competitor to the Investors Chronicle."

Basnett's goal

The General and Municipal Workers Union, whose massive membership includes trench diggers, gas workers, janitors and reservoir men, is now trying to promote itself in a different league.

Having scooped up most of the paid footballers north of the border by amalgamating with the Scottish Professional Footballers Union, the G and M is tackling the Professional Footballers' Association in England, the PFA.

Harry Lawrie, the G and M's 44-year-old Scottish organiser, who has been involved in both sets of talks, is well matched to the job. Although a trade union official for the past ten years, he was once a pro himself, first with Glasgow Rangers and then with Worcester in the Southern League.

It seems, however, that some officials of the PFA will try to blow the whistle on the current talks. The association is a relatively strong outfit in comparison with its defunct Scottish equivalent.

But David Basnett, the G and M's general secretary, is steadily supporting the push into soccer. It is the closest he is ever likely to get to being a left-winger.

Observer

POLITICS TO-DAY

The Soviet veto over Nato armaments

THE SOVIET Union may be about to achieve a major propaganda victory. President Brezhnev has made known his displeasure—most recently in letters to Nato Heads of Government—that the western alliance is considering the introduction of the neutron bomb. President Carter has not helped by saying that the U.S. will deploy the weapon only if the Europeans request it to do so. In other words, there is no American leadership; nor is there much sign of a disposition among the European allies to make the request. Mr. Brezhnev seems to be winning.

This apparent readiness to allow the Soviet Union what amounts to a right of veto over western armaments decisions deserves closer examination. It is not as if introduction of the neutron bomb would infringe either the spirit or the letter of any existing armaments agreements. Its deployment would be merely part of a process—also engaged in by the Warsaw Pact—of improving and modernising tactical nuclear weapons. This is an area in which Nato once enjoyed a clear superiority which, over the years, has been steadily eroded by the Warsaw Pact's own military build-up.

The neutron bomb achieves its effect by radiation rather than blast. It is therefore sometimes described as the weapon which kills people while leaving buildings and infrastructure intact. It is conveniently forgotten by those—like Mr. Brezhnev—who appear to prefer the good old-fashioned nuclear systems that existing nuclear weapons are designed to destroy both people *and* infrastructure. Arguments that the neutron bomb is somehow more inhumane thus do not stand up.

There are, moreover, particular circumstances in which the neutron bomb would be the best possible weapon for Nato to have. For example, the Warsaw Pact *enjoys* considerable superiority in Central Europe in the *number of its* tanks. A conventional (that is, *non-nuclear*) Soviet attack would rely heavily on concentrated *tank formations*. It is already Nato doctrine that if such an attack could not be halted by conventional means, the alliance would resort to its tactical nuclear arsenal. Yet existing tactical nuclear weapons destroy indiscriminately and this in an area—Central Europe—which has a high density of population. They would inflict widespread collateral damage. The neutron bomb would have the purpose of checking tank advances while *keeping collateral damage to a* minimum.

Credibility

It is said, too, that the very process of refining or improving nuclear weapons makes their use more likely. I would prefer to put that statement another way: it increases their credibility. If the potential aggressor believes that the weapons will be used, he may well think twice about attacking. *That is the paradox of* deterrence. Enhanced *credibility makes the use of nuclear* weapons not more likely, but less.

Two final arguments against the neutron bomb need to be countered. The first is that if Nato does deploy it, the Warsaw Pact will in time do the same. The answer to that is: so what? There is a particular purpose *for* which Nato needs the weapon. It would not diminish western security one jot if the Russians were also to develop it, since Nato is not contemplating attacking Eastern Europe with large formations of tanks. Nato is, we should remember, a defensive alliance.

The second argument concerns arms control, and therefore ought to be taken more seriously. It is said that the neutron bomb ought to be used as a bargaining counter in order to extract armaments reductions from the Warsaw Pact. That is an idea which is worth consider*ing further. Yet the fact remains* that you will not extract con*cessions with a bargaining* counter that nobody believes you are going to deploy in the first place. The decision to deploy must come first. At present the alliance seems simply to be giving way to Mr. Brezhnev.

* * *

THE IMMINENT departure of Herr Georg Leber from the West German Defence Ministry is a cause for regret in many ways. Herr Leber, backed by Chancellor Schmidt, had become the unquestioned leader of European Nato. It was he who stood up to the Americans when necessary, and who backed them when he thought that they were right. He presided over great improvements in the West Ger*man armed forces, yet although* he was conscious that his country made the greatest European contribution to the alliance, he did not press that fact too far. He did not seek, to use the once fashionable phrase, bi-gemony with the U.S.

There is no obvious successor to him in German politics. Chancellor Schmidt himself is deeply involved in defence matters, but he cannot do the job alone. Nor is there any obvious successor to him as the European leader of the alliance. Inevitably, at least until a German replacement grows to the job, some of the burden *will fall* on Mr. Fred Mulley, the British Defence Secretary. One hopes that he can bear it.

German concern

Herr Leber is also going at a time when German-American relations in the defence field are not good. The mutual suspicions are not, in fact, confined to military questions: there is a general lack of rapport between President Carter and Herr Schmidt which bodes *ill for the future of western* co-operation. But for the *moment it is defence that is* uppermost as a point of dispute.

The principal West German concern is the second strategic arms limitation treaty (SALT 2) which the Americans may conclude with the Russians in the course of this year. As Herr Schmidt has himself put it, the Germans are worried that "strategic arms limitations confined to the U.S. and the Soviet Union will inevitably impair the *security of the West European* members of the alliance *vis-a-vis Soviet military superiority* in Europe if we do not succeed in removing the disparities of military power in Europe parallel to the SALT negotiations."

Herr Leber: departure a cause for regret.

There is now virtually no chance of any such parallel achievement; there simply isn't time for it. The SALT negotiations are too advanced while the negotiations on conventional East-West force cuts in *Central Europe* (known as MBFR) have scarcely got off *the ground, in spite of four* years of talking. What upsets *Herr Schmidt and the Ger*mans, however, is that even if MBFR were making some progress, there would still be a whole area of weaponry uncovered by either negotiation. This situation overwhelmingly favours the Soviet Union.

SALT is about strategic weapons, defined as weapons possessed by the superpowers *capable of striking at each* other's heartland. MBFR is *basically about ground forces*, though tactical nuclear weapons *have been mentioned*. Yet there is now a whole range of weapons deployed by the Soviet Union which are not classified as "strategic" in SALT, but which are targeted at Western Europe and which therefore must certainly be considered as strategic by the Europeans.

These weapons include the Backfire and Fencer aircraft, and the recently deployed SS-20 ballistic missile. (They are variously described as Euro-strategic or continental—as distinct from intercontinental—strategic). They are of concern not only to the Germans. Britain, for example, has to face up to the fact that unless *it does something about it*, it will become vulnerable to a Soviet air attack, perhaps only with conventional weapons, in a way that had long been dismissed as out of the question. There is also the possibility that the Soviet Union is achieving the wherewithal to fight a limited liability war in Europe; that means that it could strike at Europe without its own heartland necessarily being endangered.

And that is not all. Not only is the Soviet Union extending its strategic capacity in an area not covered by any form of arms control negotiations: it *now seems certain the best* American response to this new-found Soviet strength—namely the cruise missile—will be included in SALT 2. The point was very well put by Dr. Manfred Woerner, the Bonn opposition spokesman on defence, at the annual international conference organised by the Wehrkunde publishing house in Munich last week-end. The Soviet Union, he said, had succeeded in ensuring that the one medium-range weapon that is *definitely on the* SALT agenda is the western cruise. It was the *more striking that* General Haig, the Supreme Allied Commander Europe, who sat through the entire conference, made not the slightest effort to contradict him.

It is true that the limitations on cruise in SALT 2 will probably be confined to a three year protocol. They will restrict deployment rather than development, and they will apply to the range rather than the general technology. But the Germans for one are worried, and the Americans have yet to come up with any convincing re-assurance.

* * *

FINALLY, to stay on defence, there is another problem for the British, and it will be interesting to see whether it surfaces before the general election. Assuming that the next Government runs anything like a full term, it will almost certainly have to take a decision on the successor—if there is to be one—to the Polaris strategic nuclear deterrent. The present force cannot survive much beyond the early 1990s, and perhaps not even reliably till then. Given the long lead-time *necessary to produce a replace*ment, that means that a decision *will have to be taken within* the next two or three years.

Public debate

Dr. David Owen, who is very *much a supporter of the deter*rent, is beginning to back into the subject at the Foreign Office, though he is well aware he has the Labour Party to contend with. There has also long been an interdepartmental committee looking at the possibility of British, or European, cruise missiles. But the public debate seems to be missing. Not least, it would be worth finding out what the rest of Europe would like Britain to do. For there is, after all, the alternative *of putting the resources* into improving our conventional *forces.*

Malcolm Rutherford

Letters to the Editor

Aid to India

From Mr. R. Luce, MP

Sir,—David Housego's report (January 31) on Britain's aid programme in India is most timely. I have recently returned *from a visit to India and I was* immediately struck by the need for an urgent review of the future of our bilateral aid relationship with that country.

There is no doubting the importance of a closer relation*ship between India and Britain* but this cannot be achieved on the basis of an aid programme which in practice hardly begins to fulfil the real objectives of overseas aid.

The striking thing about India is *that* industrially she has become highly developed and competitive while 80 per cent of the population live in villages in conditions of acute poverty.

As Mr. Housego points out, the bulk of our aid is tied to the *purchase of* British goods and services in projects such as power mills, tyre factories, oil pipelines and the provision of spare parts. The supreme example of the misuse of aid is concerned with subsidising the construction of six cargo ships for India. This is aid for Sunderland and not for India. If the Government considers, rightly or wrongly, that British industry *is unable to compete in* the sale of goods to India on a commercial basis then it should be honest enough to use the mechanisms of regional aid and employment subsidies in Britain rather than misuse our overseas aid budget.

If we are to adopt an effective aid programme in India then this must be related to the real problems of poverty. It is in the *long-term interests* of Britain to help the 80 per cent. of the Indian population, who live in great poverty in the rural areas, to build up their standard of living. Such an increase in their purchasing power will *improve our prospects of exporting* more consumer goods to India.

My visit to South India confirmed the important role which can be played by voluntary bodies such as Oxfam and Save the Children Fund in identifying and setting up agricultural and small business projects in rural areas. The Government can help by showing a willingness to switch more assistance towards the joint funding of projects carried out by voluntary organisations.

It is time to reappraise our bilateral aid policy with India. My impression is that the Indians would concur.

Richard Luce.
House of Commons, S.W.1.

Exporting to Canada

From the Editor,
Her Majesty's Consuls List.

Sir,—U.K. companies which during the past 25 years have received valuable help from the *British Canadian Trade* Association in promoting their exports must be dismayed that its two offices in Canada—in Toronto and Montreal—should have been obliged to close at the end of January.

When the Government's financial planners brought pressure on the British Overseas Trade Board to reduce the scale of its expenditure in support of exports, the annual grant to the BCTA was, I understand, C$48,000—about one-third of its budget. The Board decided that this should be reduced each year by $C12,000 until, after four years, support was *phased out*. In the event it has taken only about two years to kill the BCTA's operations.

A single example illustrates the foolishness of this cheese-paring. Mr. B. Ercolani, joint *managing director of Ercol* Furniture, tells me that 11 years ago his company was unknown in Canada. Encouraged by Sir Ralph Perring he arranged with the BCTA in Montreal to use part of its office area as a "shop *window" to launch Ercol* products, holding a reception every evening throughout a week for prospective buyers. This was followed by a week at the BCTA's Toronto office. One of Canada's largest furniture retailers placed *an order and now Ercol's* sales to this one company are worth over £100,000 a year.

The ability of the BCTA was well appreciated by the British High Commission's commercial officers who have frequently passed on *trade inquiries from* Canadians, knowing they would be dealt with efficiently. But its greatest strength was its own 200-strong membership. In particular, those companies with established operations in Canada gave invaluable help to others just entering the market.

L. V. Josephi.
National Mutual House,
South Park,
Sevenoaks, Kent.

Discussion on immigration

From Mr. F. Stark.

Sir,—The fact that political parties have tended not to talk about immigration not only explains some of the success enjoyed by the National Front, it also, as Mrs. Thatcher rightly *says, worries immensely* many people who have nothing and want nothing to do with the National Front. These same people probably feel that immigration *has* been *foisted* upon them by a succession of poli*ticians of all* parties since the last war, without any consultation with, or consideration for, the feelings of the indigenous population of the country.

To many people it almost seems as if there is a conspiracy between the politicians and sections of the Press and media never to discuss the immigration problem in any terms that can alleviate the worries of the *native people of the country.*

If Mrs. Thatcher can get a national discussion started on this issue she will probably gain far more credit than any of you can imagine.

F. Stark.
"Highlands,"
176, Southend Road,
Wickford, Essex.

The vanishing secretary

From Mrs P. Sanders.

Sir,—With reference to Mr. Rogaly's article on the vanishing secretary (January 31), I should like to bring one aspect of the matter to his attention.

In the present economic climate, it is quite likely that a secretary (whether married or not) may find herself *facing* the prospect of planning and work*ing for a period of 20 to 30 years*, as do the majority of men. Naturally, the long-term aspect of her work assumes the greatest importance, both from the view-point of financial reward as well as job-satisfaction.

From this *standpoint*, the greatest rewards appear to lie *in obtaining* a position as personal secretary to the chairman of a company or of a board, representing a group of companies. This usually demands a high degree of technical skills and/or languages, accompanied by *long-term service*. In this position a personal secretary can gain an unrivalled knowledge of the organisation for which she works, and frequently carries out an unacknowledged management role.

It is not uncommon however for the chairman's secretary to find herself pushed out on the sidelines once the man for whom she has worked retires. The *new chairman wishes, not un*naturally, to follow his own line and brings in his own secretary. Undoubtedly, the injection of new ideas and new personnel are vital to the continuing prosperity of any business, but it *should not be beyond the ability* of any goood management to find a fitting role for the long-service secretary whose experience can also be valuable to the firm. This seems to happen rarely—the board or manage*ment either decide to make her* redundant, thus costing the company a considerable amount in money and expertise, or else offer promotion "sideways" (at *the same salary, of course*) to a position which can hardly be described as satisfying to someone who has been accoustomed to being in the centre of the firm's activities.

There will be no more secretaries, Mr. Rogaly, unless it is seen by the youngsters entering that area of employment to be something more than a rather frustrating way of using one's talents with no *long-term* prospects.

P. Sanders.
304 Pinner Road,
North Harrow, Middx.

Full use of skills

From Sally Garratt.

Sir, — Joe Rogaly's article "The case of the vanishing secretary" (January 31 presents only part of the problem.

As we have heard recently in *the report by the Associated* Examining Board, standards of written English are falling and this means that many students of secretarial skills are going to find *the training difficult and* teachers are going to have a hard time getting them to a level of competence acceptable to employers and firms are no longer prepared *to take on* people who are not worth the good salaries that are offered. There is also the fact that standards of teaching in the secretarial colleges and schools have dropped significantly over the *past ten years and in many cases* the students are not leaving with adequate skills or knowledge of office routine for them to find employment in secretarial jobs. As the older, more experienced secretaries are retiring, leaving to have families or, in *some* cases, moving into non-*secretarial positions*, there are too few adequately trained and *skilled* people to take their places.

Another side of the problem lies with the managers. Too often an executive insists on having a personal secretary and then completely wastes her time *and skills, and mismanages his* own time, by not using her pro*perly. Far from the suggestion* made in the article that "it could be that at least some executives would actually work more effectively without them." I maintain that most executives would work more effectively if they used their office *staff* more efficiently. Dictating techniques, *delegating work, involving office* staff more in the manager's work, are some of the areas where executives could be trained, but for this to happen, they need to overcome the psychological barrier of admitting that they need this help.

There are courses available *where both executives and sec*retaries are helped to recognise areas of work where the secretary can relieve her manager of many routine tasks, leaving him free to do the job he was employed to do, to leave him time *to think, and to give her a more* fulfilling role in the company, but it takes courage for a manager to make this move.

To fill the large number of vacancies now registered with the bureaux, there needs to be a two-fold *improvement: secre*taries must be better trained, *and* executives must be more aware of the potential of their office staff and of their failings in managing their office staff.

Sally Garratt.
25, Camden Park Road, N.W.1.

Make the jobs interesting

From Mrs. M. Winiecki.

Sir,—I am writing in respect of the article entitled "The case of the vanishing secretary" (January 31). Being a secretary myself, I am rather concerned about the future of the secre*tarial world. Many people* complain that a good secretary is hard to find, but if a secretary were asked to sit down and write an article about this, she might only complain that a good job is hard to find.

In many cases a boss does not know how to use his secretary. In my last job they told me that they no longer needed my shorthand skills because it was too time consuming and they then proceeded to plug me into a dictation machine which I felt was rather degrading after having been trained in shorthand. I decided to find greener pastures and was amaze at just how many *jobs didn't require* shorthand any longer. So for the time being I landed myself a job that advertised for shorthand and offered interesting work which *in the end turned out* to be a glorified prestige-type job where I made cups of tea and coffee all day and acted as their messenger service to their bank, the stationery shops, etc.

This sort of situation made *me so angry that I was all set* to give up secretarial work for-ever and start a new career as a nurse. It is no wonder that many girls are turning away *from secretarial work because* progress is turning us into battery hens and tea ladies. I spent a year at New York's best secretarial college, Katharine Gibbs Secretarial School. I had great notions of how my future *job would turn out but I have* not yet run into any boss who really knows how to use a secretary and the skills for which she was trained. If jobs were made more interesting for secretaries and if bosses involved them more in their work, they might just think they have a future. But to-day, *unfortunately, most* secretarial jobs are indeed "dead ends."

Martha J. F. Winiecki.
3, Applegarth Drive,
Newbury Park, Ilford, Essex.

Remove the barrier

From the Managing Director,
Cotswold Pig Development Company.

Sir, — Joe Rogaly in Society To-day (January 31) discusses the growing problem of the *shortage of good personal sec*retaries. Answer: don't have per*sonal secretaries.*

None of the executive directors of this company, myself included, has a personal secretary. Instead we have an executive services department consisting of three intelligent, hard-working *ladies* who, with the help of an IBM word processor, service five directors *plus four other* executives.

The principal features of this system follow: The girls were recruited from the ranks of the best secretaries and function as an integral part of the manage*ment team, not as odd-job per*sons. Any one of them will bring your mail, empty your baskets, take dictation or pose as your secretary to the outsider who insists you must have one. You take and make your own *telephone calls—the switchboard* girl will give you all the help you need, which is very little with direct dialling. You make your own appointments and make yourself accessible to your colleagues — the removal of the *protective barrier* improves communications. Internal memos are taboo, talk to the guy or, if he's not in, leave him a hand-written note. Filing is central, again our three girls cope. Files you need yourself for reasons of *confidentiality* or immediate access you can comfortably accommodate in one drawer of your desk. Your coffee you fetch yourself from a catering-type coffee maker (no *tasteless vend*ing machine) which the girls make ready twice a day.

Divorce your "office wife," enjoy a new freedom and improve productivity.

B. S. Shannon.
Rothwell, Lincoln.

Tenure on the farm

From the Prospective Parliamentary Conservative Candidate for North Dorset.

*Sir,—Comparing your agricul*tural correspondent (January 26) on Mrs. Margaret Thatcher's speech at the National Farmers' Union dinner with other reports of the same occasion, I can only surmise that Mr. Cherrington was seated in starvation corner or swallowed an uncomfortably large chunk of imported meat.

Mrs. Thatcher indicated her opposition to capital taxation *and land nationalisation* and her intention to preserve a strong and independent farming industry which is able to compete with European farmers and earn good profits. This is certainly a different approach to that of the present government and I would have thought that the debate on the "green pound" devaluation provided clear evidence of the difference between the parties.

On the specific *point* of security of tenure given to both tenants and their heirs, this partisan measure is likely to induce the same kind of inefficiency and lack of tenancies for young would-be tenants into the agri*cultural* market as we have seen in the sphere of domestic rented *accommodation.*

It may interest Mr. Cherrington to know that at a recent meeting with one of the NFU branches in North Dorset, where every member of the branch at the meeting bar one rented some or all of his farm land, not one of those present felt that the *protection* given to *tenant* farmers of hereditary agricultural tenancies was *justifiable*, although naturally they intended that they or their families would take advantage of the provisions of the Act if the opportunity arose.

A requirement for a high standard of proof that the proposed new tenants of the family *should possess a high degree of* proven farming skill is the *minimum amendment required.* I would favour repeal of this measure which ultimately is in the interests of neither landlords nor tenant farmers: nor does it serve the cause of maintaining high standards of farming efficiency and productivity.

Nicholas Baker.
North Dorset Conservative Association,
Dale House,
Salisbury Street,
Blandford Forum,
Dorset.

To-day's Events

GENERAL

President Sadat of Egypt on *seven-nation tour, during which* he will visit the U.K.

Shah of Iran visiting India.

Further talks on engineering *industry's national pay claim.*

London Chamber of Commerce seminar on Computers for the Smaller Company, 69, Cannon Street, EC4, 10 a.m.

Church of England General Synod ends, Church House, SW1.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills, *including second* reading of Estate Agents Bill, sponsored by Mr. Bryan Davies (Lab, Enfield N).

COMPANY MEETINGS

Borthwick (Thomas), 87, Bartholomew Close, EC, 12. Central Manufacturing and Trading, Bir*mingham, 12. Spooner Industries*, Ilkley, 11.30. Vaux Breweries, Sunderland, 12.

OPERA

English National Opera produc*tion of Carmen*, Coliseum Theatre, WC2, 7.30 p.m.

BALLET

Royal Ballet dance La Fille mal gardee, Covent Garden, WC2, 7.30 p.m.

MUSIC

Philharmonia Orchestra, conductor Stanley Pope, in programme of Berlioz (Overture, Le Corsaire): Mozart (Symphony No. *40 in G minor*); and Tchaikovsky (Symphony No. 6 in B minor), Royal Festival Hall, SE1, 8 p.m.

London Bach Orchestra, conductor Martindale Sidwell, perform music by Handel, Purcell, Bach and Mozart, Queen Elizabeth Hall, SE1, 7.45 p.m.

EXHIBITIONS

Anatomical drawings by Leonardo da Vinci (from the Royal Collection), Royal Academy *of Arts, Piccadilly, W1* (until February 19).

Sir Thomas More—his Life and Work, National Portrait Gallery, St. Martin's Place WC2 (until March 12).

Allied Textile £0.9m. higher at record £3m.

ON TURNOVER ahead from £23.69m. to £30.7m. pre-tax profit of Allied Textile Companies climbed from £2.16m. to a record £3.04m. in the September 30, 1977, year. At halfway profit was up from £0.79m. to £1.4m.

The result includes exceptional profits of £204,039 (£154,297) and is before a £215,000 payment to augment the group's pension plan. Directors say the payment was made not because of any deficiency in pension funding, but to strengthen the fund against the possible effects of future inflation.

Mr. J. E. Lumb, chairman, says ample financial resources remain available for re-equipment and extension of ATC's activities, and include more than £1m. of cash and near cash balances.

He says that early reports of the new Multi-Fibre Arrangements may mean that the textiles are entering four years of lessened instability in international markets.

Earnings per share of the group are shown ahead from 17.8p to 24p, and the final dividend is lifted from 3.545p to 3.959750, taking the total ordinary payment from 5.8062p to 6.48525p.

	1976-77 £	1975-76 £
Turnover	30,697,161	23,655,726
Trading profit	2,859,440	2,005,242
Exceptional profits	204,039	154,297
Profit before tax*	3,043,479	2,162,539
Payment to augment pension plan	215,000	—
Taxation	1,330,000	1,052,000
Net profit	1,498,479	1,110,579
Extra-ordinary debits‡	58,614	162,422
Available Ord.	1,439,865	948,117
Dividends	405,020	362,615

* After depreciation of £1.13m. (£0.97m.). ‡ Mill closures and reorganisation costs.

See Lex

INDEX TO COMPANY HIGHLIGHTS

Outlook at Birmingham Pallet Group

Joint chairmen of Birmingham Pallet Group, Mr. M. Ramsey and Mr. M. Starr, report an improvement in the order intake of the group's pallet division in the first quarter of the latest year to October 31, 1978.

In their statement with accounts they also say the upturn in sales at its subsidiary ERI which began at the end of 1976-77 has continued with the better demand for consumer durables.

Should these improvements continue they expect they will be reflected in increased profits this year. Last time profit dipped from £152,836 to £142,058 after the pallet companies produced a loss. ERI's customer requirements also declined in the March-September period reflecting low demand for consumer durables.

In the year there was a £14,029 (£73,688) decrease in net liquid funds.

Meeting, Birmingham, March 1 at noon.

Williams Hudson's first half

WITHOUT ANY profit this time from the sale of ships, pre-tax earnings of Williams Hudson Group amounted to £0.71m. for the half year to September 30, 1977, compared with £1.72m., which arose after a £2.44m. surplus from ships disposal.

Turnover advanced from £37.68m. to £62.02m. and profit was subject to tax of £201,000 (£625,000). Earnings per 20p share are shown as 3.6p (9.1p) basic and as 3.4p (8.2p) diluted.

For the whole of the previous year, the group achieved a £3.02m. profit, while again no dividend was paid.

The company has "close" status.

	Half year 1977 £000	1976 £000
Turnover	62,010	37,678
Profit on ships sale	—	2,441
Pre-tax profit	711	1,716
Tax	201	625
To minorities	101	58
Extra-ord. surplus†	717	—
Exchange debits	91	701

† Movements in net book worth—profit on acquisition of minority in Canada.

The wholly-owned subsidiary, Williams Hudson reports half-year pre-tax profits of £1.73m. (£3.38m.), including last time, a surplus on the sale of ships of £2.44m. Turnover expanded to £56.67m. against £34.81m.

Tax took £0.82m. (£1.45m.) and minorities £101,000 (£48,000). There was a profit on the acquisition of a minority in Canada of £717,000 (nil) and an exchange debit of £152,000 (£1.02m. credit).

Thos. French confident of increase

Mr. T. J. French, the chairman of curtain styling and electric surface heating products manufacturers Thomas French and Sons, tells shareholders in his annual statement that he is more optimistic about the climate in which the company will be trading this year, and although he does not expect the improvement to be substantial, he confidently anticipates an increase in profit.

As reported on January 19 pre-tax profits for the 15 months to October 1, 1977 turned in £1.27m. compared with £1m. for the year to July 3, 1976. A statement of source and application of funds shows a decrease in bank and cash balances of £215,000 (£69,000). As at January 4 Eagle Star Group held 29.22 per cent. of the equity.

Meeting, Manchester, on Feb. 24 at 12.30 p.m.

Caplan Profile optimistic

Mr. Ian L. Caplan, chairman of Caplan Profile Group, says in his annual statement that he is confident the group's growth potential will be satisfied in the foreseeable future.

With the promise of some form of econmic stability, the group's possibility for rapid growth in real terms could well become a reality, since it is ideally situated to take maximum advantage of the increase in demand which would result, he adds.

Both Braemore Furniture, the newly formed subsidiary, and the associated Canadian company, Profile Expanded Plastics, which commenced trading in January, 1976, are trading profitably and should make a valued contribution to turnover and profit.

During the year there was a continually increasing demand for the group's office equipment products, which, as a result, represented about 80 per cent. of the group's external turnover.

All divisions within this sector operated on a profitable basis despite the fact that utilisation of the production facilities was well below capacity. Current trends suggest a continued growth in demand which can be readily met.

While in the first half year the plastic processing division benefited from a buoyant market the situation was completely reversed in the second six months following a drastic fall in demand in the domestic furnishing sector during the spring and summer.

As reported on January 13, taxable profit for the year to August 31, 1977, expanded from £431,916 to £652,658.

Both turnover and profit suffered consequently but since then demand has shown a major improvement and as a result current trading is most satisfactory.

Meeting, Winchester House, E.C., on February 23 at 11 a.m.

Hill & Smith tops £0.9m.

AFTER A marginal increase from £370,648 to £372,946 in the first half, pre-tax profit of Hill and Smith finished the year to September 30, 1977 ahead from £832,285 to a record £926,666 on turnover of £12.73m. compared with £10.90m.

After a tax credit of £3,140 (£2,155) earnings are shown at 18.94p (16.96p) per 25p share and the dividend is effectively raised from 1.96064p to 2.19p net with a final of 1.44p. A one-for-10 scrip issue is also proposed.

There is no tax charge as the full liability will be expunged by stock appreciation relief and accelerated capital allowances. Comparatives have been adjusted.

The directors say that internal accounts for the first quarter of the current year show that a satisfactory performance is being maintained overall in the group.

Safety barrier and fencing manufacturing together with the associated contracting operations are still being affected by very difficult trading conditions but they are confident that progress will be maintained this year, if there is no deterioration in present general levels of demand.

Richards foresees pick-up

Provided its expectations for knitwear yarns were fulfilled, Richards should achieve a reasonable profit for the current year, said Mr A. R. Robertson, chairman, at the annual meeting.

And the directors would certainly expect to maintain the progressive dividend policy.

Mr. Robertson said the effects of the recession now appeared to have levelled out, but it would be the second half of the curren year before any real improveme' could be expected.

Terry Kirk

Mr. Paul Tapscott, chairman of Associated Fisheries.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Textile	3.96	Apr. 4	3.55	6.49	5.81
Assoc. Fisheries	1.8	Apr. 10	1.25	3	1.25
Garford-Lilley ....int.	0.18	Mar. 15	0.18	—	0.72
Hill and Smith	1.44	Mar. 23	1.28*	2.19	1.96*
Kinta Kellas Rubber int.	1§	Apr. 3	0.53	—	2.93
Malaysia Rubber ......int.	0.5§	Apr. 3	0.2	—	1.52
Selukwe Gold	0.55	—	0.98	0.55	0.98
Steinberg ....int.	0.32	Apr. 7	0.32	—	0.76
Sterling Trust	3.6	—	3.25	5.3	4.65
Tharsis Sulph. & Cop. int.	4‡	Mar. 15	Nil	—	Nil

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Replaces 5p payment on pre-scrip issue capital announced September. § Increase to reduce disparity with final.

Beaumont Properties calls for £1.87m.

In what is the first rights issue to be made by a property group for two-and-a-half years, Beaumont Properties is making a £1.87m. cash call from its shareholders.

Beaumont's rights issue is of 2,777,737 Ordinary 25p shares on the basis of one-for-four at 70p each. In the market the company's shares closed 9p lower 88p.

The last rights issue by a property company offering Ordinary capital was raised by Law Land in July, 1975. The company offered a one-for-four rights to raise £3.75m., but the issue met with a poor response and left over 70 per cent. of the shares in the hands of the underwriters.

Later in that month Land Securities successfully managed to offer a convertible stock by way of rights. That was 74 per cent taken up with the balance sold at a premium.

Along with the rights issue Beaumont is releasing full-year figures for the year to September 30, 1977 Pre-tax profits are shown as £1,018,150 (£785,684) and turnover is £3.09m. (£3.05m.). Tax takes £487,892 (£441,867).

The directors are declaring a final dividend of 2.3114p making a total of 3.4664p (3.1512p). The dividend is payable on March 20. They are confident that in the current year they will be able to recommend an increase in the dividend by the present maximum permitted.

Earnings per share are 4.8p (3.1p).

The group's properties have been revalued as at September 30 at £26.5m., a surplus of almost £500,000 over the 1972 valuation plus subsequent cost. In addition properties held by U.K. trading companies showed a surplus of about £3m. over cost.

Borrowings on January 30, 1978, equalled £12.9m. compared with £13.4m. last September and £15.66m. on September 30, 1976. The overdraft is £1.2m. compared with £2½m. in 1976.

No material changes have occurred in income and assets since last September and the directors can see no reason why the group cannot continue its proven and steady progress.

The cash is being raised so that Beaumont can take advantage of opportunities, which are beginning to present themselves, to purchase properties at favourable yields in the type of area in which the group has always specialised. This specialist nature is aimed at fairly small properties, mainly in the £50,000 to £100,000 range.

Currently the company is completing the second phase of a shop development in Sale. A further nine shops of about 22,000 sq ft are being built. The existing site already takes in 50 shops.

After the rights issue net assets per share will be 109p, or 131p including the £3m. surplus on trading properties.

The rights issue is underwritten subject to an increase in capital being sanctioned by shareholders.

● comment

Beaumont's rights issue comes as a bit of a surprise, and many analysts are against rights issues from property companies on principle, because of the diluting effect on assets. However, Beaumont's management sees some opportunities to develop its base of small quality sites (the group has a high proportion of small shops and offices where the yields are good) both by new development and by buying existing properties. Property shares in general have performed well in the market during recent weeks, to the point where any further relative rise is unlikely, so Beaumont appears to have got its timing right to maximise the proceeds from its issue. The group has a sound balance sheet, the underlying asset value is at least 100p (after the issue), and on an ex-rights price of 84½p the current yield is 6½ per cent.

Fisons to peg garden goods prices

AN UNDERTAKING by Fisons not to increase the prices of some of its garden products until September has been acepted by Mr. Roy Hattersley, Prices Secretary.

This commitment implements a Price Commission recommendation after a report on the company.

The Commission found that, in general, proposed price increases were justified, but weighted too heavily on the consumer market for garden products.

It recommended that price incerases on the garden range should not exceed 20 per cent.

The company's voluntary undertaking means that the Prices Secretary will not need to use his powers to enforce the Commission's recommendations.

RESULTS AND ACCOUNTS IN BRIEF

AILSA INVESTMENT TRUST—Net asset value of Ordinary shares at December 31, 1977, after deducting prior charges at nominal value was 139.7p per 25p share (100.5p); after prior charges at market value 144p (105.9p).

ALVA INVESTMENT TRUST—Net asset value per 25p share 173.7p (98.3p) as at December 31, 1977.

AMBROSE INVESTMENT TRUST—Approximate asset value per capital share at January 31, 1978, after tax on realised profits but before providing for contingent tax on unrealised appreciation 142.93p (142.03p for previous month).

BLUEMEL BROS. (manufacturers of cycle and motor accessories). Results for year to October 1, 1977 and comments on prospects reported December 21. Group fixed assets £1.07m. (£0.9m.). Net current assets £0.92m. (£0.78m.). Meeting, Coventry, on March 9, at 11.30 a.m.

GRANGE TRUST—Results for year to November 30, 1977, reported January 14. Investments at market value in U.K. £8.05m. (£5m.) and overseas £3.04m. (£2.48m.). Unlisted at directors valuation £31,475 (£50,000). Net liquid funds increased by £112,954 (£52,593). Prudential Assurance Company held 1,012,650 shares and London and Manchester Assurance Company 181,600. There is an EGM after the AGM for the approval of certain amendments to the company's Articles of Association. Meeting, 70, Finsbury Pavement, EC, February 24 at 12.30 p.m.

GROUP INVESTORS—Gross revenue for the half-year ended December 31, 1977, £200,855 (£108,739). Net revenue (after expenses and estimated taxation) available for Ordinary shares £70,353 (nil), available for Ordinary and Deferred shares nil (£47,379). U.K. taxation charged £39,772 (£29,882). Amount absorbed by interim dividend on Ordinary shares £47,794 (£30,972). Amount absorbed by interim dividend on Deferred shares nil (£4,114). Interim dividend per Ordinary share 0.72p (0.65p). Interim dividend per Deferred share nil (0.428p).

RAEBURN INVESTMENT TRUST—Results, year to November 30, 1977, reported January 21. Total investments £29.49m. (£28.15m.), or at current valuation £45.94m. (£30.98m.). Net current assets £2.82m. (£2.97m.). Chairman says there are considerable grounds for remaining cautions about future outlook. Meeting, 21, Moorfields, E.C., February 24 at 2.30 p.m.

RANKS (IRELAND) (flour millers, corn merchants, etc.)—Results for year to September 3, 1977, as reported in full preliminary statement. Fixed assets £5.76m. (£5.69m.), net current assets £5.55m. (£4.75m.). Net liquid funds decreased by £2.1m. (£0.34m. increase). Chairman says present indications are that 1978 results will be significantly lower than previous year. Meeting, Limerick, February 22, at 11.15 a.m.

ROWLAND GAUNT (coat and suit manufacturers)—Pre-tax profit £5,085 (loss £6,028) for six months to December 31, 1977. Tax nil (same) and no interim dividend (same). Chairman says that company has returned to profitability and that order position is more healthy than last year.

WILLOUGHBY'S CONSOLIDATED CO.—Results year to September 30, 1977, already known. Fixed assets £4.18m. (£4.36m.), net current assets £1.62m. (£1.31m.). Lonrho holds 86.2 per cent., South African Mutual Life Assurance Society 10.4 per cent. Chairman says season has started well but prospects for current year are uncertain. Meeting, Cheapside House, E.C., February 24 at noon.

Associated Fisheries recovers to £3.53m.

PRE-TAX PROFITS for the year to September 30, 1977, of Associated Fisheries recovered from £1.91m. to £3.53m. on turnover of £98.2m. compared with £86.73m.

Profit is arrived at after providing for exceptional items of £1.15m. to write down the book value of certain trawlers. This has been done as a direct result of the restriction of access to fishing grounds and uncertainties arising from the failure of the EEC to renegotiate a Common Fisheries Policy, say the directors.

These factors, which have resulted in the continually declining catch of the group's fishing vessels, continue to have a serious effect on the trading of the group. As forecast last July, the second half was more difficult than the first at the end of which profits stood at £1.47m. against a loss of £0.84m. This trend accelerated in the three months to end 1977, to such an extent that a loss in fishing activities extinguished the profit from the remainder of the group. The indications, therefore, are that the results for the first six months of the current year will be well below those for the same period of 1976-77.

	1976-77 £000	1975-76 £000
Group turnover	98,196	86,730
Trading profit	4,290	2,548
Net interest paid	495	501
From associates	398	*440
Exceptional debits†	1,151	—
Profit before tax‡	3,532	1,907
Taxation	1,540	804
Net profit	2,092	1,103
To minorities	395	167
Extraord. credits	398	*207
Preference dividends	27	27
Interim Ordinary	211	—
Proposed Final	316	230
To reserves	1,131	482

* Loss. † £963,000 subsidiaries, £188,000 associates. ‡After depreciation £2.77m. (£2.75m.).

However, members are told that the group has considerable financial strength. During the year there was an increase of over £2m. in cash and short-term deposits and, since the end of the year, liquidity has been further improved by the sale of certain food processing factories and depots. This transaction has already yielded £2.5m. in cash and should release a further £2.5m. of working capital. Part of it is being redeployed in an extension of the cold storage division.

Full year earnings are shown to be ahead from 5.18p to 7.23p per 25p share and the dividend is stepped up from 1.25p to 3p net with a final payment of 1.8p.

● comment

The weak trend in the second half of Associated Fisheries' financial year—pre-tax profits down nearly a quarter to £2.07m.—is likely to accelerate in the current first half. Put simply, Associated's problem is that over half the business is involved in fish catching, but due to the complex web of international legislation, which has reduced quotas, there is now an acute shortage of fishing grounds where the fish can be caught. Consequently, Associated now has a quarter of its fleet laid up. With profits falling away sharply from the group's principal earner much depends on how successful the group is at developing its onshore activities.

Associated has involved itself in an extensive rationalisation programme since the year end in this area in an attempt to dispose of those companies in the food processing activities which were producing tiny profits on large turnover. Although the group's turnover will be leaner this year by around £20m., margins could be healthier. And to the net cash figure of £1.5m., comes another £2.5m. from disposals, a further £2.5m. of working capital has been released. With Associated's shares at 55p (down 8p), over a third discount to net assets, it is not surprising that Eastern Produce which has a 34.5 per cent. stake says that it is going to hold on. The shares stand on a p/e of 3½ and yield 8.7 per cent., covered two and a half times.

Tesco profits will improve this year

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

Tesco yesterday insisted that its profits would improve this year even if those of other supermarkets were cut as a result of the price war.

Referring to predictions made by International Stores on Tuesday about the impact of increased competition on food retailers' profits, Mr. Ian MacLaurin, managing director of Tesco, said that his company which precipitated the latest round in the price war when it dropped stamps in the summer, would earn higher profits on its improved turnover.

If any company stood to suffer from the price war, he implied, it was International Stores, which picked up some of the Green Shield franchises dropped by Tesco.

Mr. MacLaurin said that current margins were on target and that all the countermoves by rival companies to Tesco's new pricing policy had been anticipated well in advance

Speaking to a conference organised by stockbrokers, Phillips and Drew, Mr. MacLaurin said that if he was in International Stores' position, he too might share their pessimism. He said that he could appreciate that "any retailer offering trading stamps, in what is clearly the post-stamp era is likely to have problems."

The pessimism might be well-founded, but not if it was directed at Tesco, he insisted.

Tesco's margins on food were "acceptable," he said, and the growing importance of the company's non-food sales gave Tesco a "strength and flexibility" which its competitors lacked.

Mr. MacLaurin agreed, however, with International Stores' view that there would be casualties in the supermarket business as a result of the price war. While it was too early to quantify the exact consequences of Tesco's cut-price policy on its competitors, events, he said, had re-inforced his view that there would be a contraction in the number of mutiples operating in the next two or three years.

BERNER GROUP

The offer by D. F. Bevan for Berner Group has been declared unconditional and will remain open.

Total number of shares in respect of which acceptances have been received is 707,079 Ordinary and 16,300 Deferred Ordinary with those held before the offer. Bevan now owns 91.85 per cent. of the Ordinary and 98.86 per cent of the Deferred.

Syltone plans to open French branch

Although levels of activity are generally being maintained in the second half at Syltone extensive work on new buildings at Drum may to some degree affect profitability there in this period, the directors say in their interim report.

Subject to approval of authorities in France and the U.K., the Board intends to set up a branch selling operation in France before the end of March. Certain costs will be incurred during the current year and the benefits will not accrue until 1978/79 at the earliest.

INCHCAPE

In February 1, S. G. Warburg sold on behalf of an associate 10,000 Inchcape and Co. Ordinary £1 shares at 352p and 5,000 Ordinary £1 shares at 354p.

BP holds off Sardinia factory closure

BY ARNOLD KRANSDORFF

A stay-of-execution has been granted to British Petroleum's protein-from-oil factory in Sardinia threatened with closure because the Italian authorities have so far failed to give permission to allow it to operate.

At a main Board meeting in London yesterday, BP directors are understood to have postponed a decision on the £40m. project, Italproteine, a joint venture with ANIC, a subsidiary of ENI, the Italian state oil company.

A BP spokesman would only confirm that the Board of Italproteine would meet later this month to consider the findings of an official enquiry expected to report on February 14. Then, a committee headed by Professor Cimmino, president of the Superiori Della Sanita (the Higher Health Council), will report into the supposed health hazards of the special protein which has been brand-named Toprina.

A further meeting of the main BP Board would be necessary if it was then decided to consider shelving the project, he added.

BP has said that it cannot continue financing a non-productive investment costing £10m. a year to maintain. It has already completed feasibility studies into relocating the plant.

The deadline given to the Italian Government was the end of January. But BP had not reckoned on the current political crisis there.

With the resignation of Sig. Giulio Andreotti's minority administration, many important policy decisions are having to await a new government. However, it is understood that the former Minister of Industry, Sig Carlo Donat Cattin, acting in a caretaker capacity, is empowered to lift a 1976 suspension decree disallowing production and sale of Toprina.

BP is hoping that Sig. Cattin will act swiftly after Professor Cimmino reports his findings, which are understood to be "favourably disposed towards Toprina."

They have already waited 18 months, during which time the plant has stood idle except for a brief period last year when 900 tons of Toprina were produced. This now sits in a bonded warehouse.

To rebuild the plant could cost an additional 50 per cent. at to-day's prices, while only about 30 per cent. of the Sardinian investment could be salvaged in removeable plant.

If the plant is relocated, the most likely siting would be elsewhere in the Common Market where permission has already been obtained to manufacture and sell Toprina. It is understood that ANIC would be interested in participating in any subsequent project.

Midway rise for Group Investors

Revenue of Group Investors for the half year to December 31, 1977 emerged higher at £70,355 against £47,369 after tax of £39,772 compared with £29,692. Gross revenue came to £200,855 (£168,739).

Stated half yearly earnings are up from 0.749p to 1.06p per 25p share and as already known the interim dividend is lifted from 0.65p to 0.72p net, absorbing £47,794 (£36,972).

Net assets totalled £6.93m. as at December 31, 1977 compared with £6.69m. as at June 30, 1977 and 74.2p (72.2p) per share after deducting prior charges at par.

On October 3, 1977 some 950,000 Deferred shares were converted into a similar number of Ordinary shares.

Steinberg jumps mid-term

LADIES' CLOTHING and handbag manufacturers Steinberg Group lifted pre-tax profits for the 26 weeks to September 24, 1977, from £90,000 to £243,000 on turnover of £10.6m. against £9.12m.

Directors say that despite the economic uncertainties the improvement in profitability should be maintained throughout the second half but they feel it would be unwise to forecast results for the full year. Profit for the whole of the 1976-77 year came to £212,000.

The interim dividend is maintained at 0.32p net per 10p share—last year's final was 0.537p. Stated half yearly earnings are 0.62p (0.27p).

	26 weeks	
	1977	1976
	£000	£000
Turnover	10,598	9,118
Profit before tax	243	90
Tax	136	50
Net profit	105	40
Minorities	3	*3
Extraordinary debit	—	6
Leaving	106	31
†Dividends	39	39

*Loss. †After waivers.

J. Crean sees more profit

IN HIS annual statement, Mr. D. McCullough, the chairman, of James Crean, says that trading in the current year to date has been satisfactory and he expects that pre-tax profits will be increased again over last year.

As reported on December 13, pre-tax profits for the year to June 30, 1977, were 27 per cent. higher at a record £1.12m. with earnings per 50p share up 28 per cent. to 26.81p. The dividend is stepped up to 8.45p (7.3125p) net.

Over the next 18 months there will be much greater emphasis on finding suitable investment opportunities in Ireland and overseas, states the chairman, who tells members that a firm policy of minimising risks and maximising flexibility will continue to be a dominating factor in any major strategic decisions taken. A strong but steady and sustained dividend growth will also be a major criterion.

Mr. McCullough reports that the performance of the Wade Group was very satisfactory in the past year. The basic Wade business continues to be strong and the outlook short term and longer term is positive. A new export division was launched earlier in the year and the directors are confident that this will prove to be a very successful venture.

Irish Industrial Supplies had a good year and both sales and profits were increased significantly. This company will benefit from the improving position of the Irish industrial economy and the future prospects are good, members are told.

In Savage Smyth profits showed only a marginal improvement. There has been recovery of the bottled beer market from the setbacks of th past few years but it has been slower than expected and whereas there was real growth in the soft drinks market, profitability has been affected by a contraction of margins caused by a temporary overcapacity in the soft drinks industry. The long-term prospects for Savage Smyth are good but both the beer and soft drinks markets are likely to be very competitive in the short term, the chairman adds.

Meeting, Ballsbridge, Dublin, February 23, at noon.

RECORD RIDGWAY

The annual meeting of Record Ridgway will be held in Sheffield, on March 7, at 12.30 p.m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Hardy and Co. (Furnishers), Laneron Transport, Stoddard Holdings, Walshams, Wintrust.

Finals—Armour Trust, British American and General Trust, Colonial Securities Trust, Delta, Glasgow Stockholders Trust, Harris Lebus, Madame Tussauds, Scottish United Investors.

FUTURE DATES

Interims—

Stewart Plastics	Feb 13

Finals—

Aaronson Bros	Feb 8
Albright and Wilson	Feb 16
Bank of Ireland	Mar 9
English and New York Trust	Feb 8
Erith	Mar. 30
Foreign and Colonial Inv. Tst.	Feb 15
Foster Bros. Clothing	May 11
General Accident Fire and Life Assurance	Mar 1
Ladies Pride Outerwear	Feb 13
Law Debenture	Feb 22
Renown Inc.	Feb 17
Security Services	Feb 23
Securicor Group	Feb 21
United States Debenture	Mar 1

*Amended

Chieftain finds support to call EGM

A large number of shareholders in Second Broadmount Trust have approved the plans of Chieftain Fund Managers for requiring an extraordinary general meeting to consider Chieftain's proposals for unitisation via a liquidation.

Chieftain is accordingly calling on the directors of Second Broadmount—who last week announced to shareholders that they were exploring alternative proposals which "may be more beneficial to shareholders than those of Chieftain"—to hold such an extraordinary meeting.

Chieftain "believe that it is highly improbable that proposals can be made which improve upon their offer," and say it is incumbent on the directors of Second Broadmount—who own 9.6 per cent. of the equity and control a further 36.5 per cent. as trustees—to explain why they are not supporting Chieftain's proposals.

Brockhouse encouraged by steel initiative

FOLLOWING THE recent initiative to curb steel dumping into the EEC, the response of the home market has been favourable and consequently the immediate forward outlook for the steel division of Brockhouse is a little more encouraging, Mr. R. J. H. Parkes, chairman, said at yesterday's AGM.

Conversely, the pessimistic Government statements on future school building requirements give little comfort to the group's Glasgow factory.

In the U.S., its new plant at Exeter has moved into profit and directors are confident of an improving trend as production momentum increases.

Although Brockhouse is maintaining some 20 per cent. improvement in overall order intake compared with the same period last year, this is not evenly spread and should not be interpreted as a general market upsurge, he said.

International confidence is still lacking. Nevertheless, it was pleasing to report that this improvement centred around more technically orientated products as a result of sustained export activity coupled with the benefit of past and current capital expenditure programmes.

Sales are now reflecting the order position and although margins are tight, unaudited profit for the first quarter is comparable with that for the same period last year.

"All I can say is that we are on course for an improved performance given no adverse circumstances or interference over which we have no control."

W. H. SMITH

Replacement dividend warrants and tax vouchers in respect of the interim dividend on the "A" and "B" Ordinary shares in W. H. Smith and Son (Holdings) have been posted.

The original warrants and tax vouchers were printed in brown, whereas the replacements are printed in green for "A" Ordinary shares and mauve for "B" Ordinary shares. The Inland Revenue will accept the new green and mauve tax vouchers and not the original vouchers.

The new green and mauve dividend warrants should be presented for payment in the usual manner.

Sterling Trust lifts income and dividend

Total gross income of Sterling Trust increased from £1.61m. to £1.78m. in the December 31, 1977, year after being ahead from 0.82m. to £0.95m. at halfway.

After debenture and loan interest of £279,625 (same), management expenses of £103,162 (£92,462) and tax of £511,513 (£449,421) the amount available for Ordinary shareholders is up from £754,176 to £853,243.

Earnings per 25p share are given at 5.59p against 4.93p and the net asset value per share at 219p compared with 198p.

The final dividend is lifted from 3.25p to 3.6p, taking the total payout for the year to 5.3p (4.65p).

Garford-Lilley

Reporting pre-tax profits ahead from £134,650 to £174,704 for the six months to September 30, 1977, the directors of Garford-Lilley Industries warn that trading conditions are proving more difficult in the second half and therefore, the full year results are not expected to show an increase proportionate to the first period.

Turnover for the half year was higher at £1.99m. (£1.6m.) and profit was subject to tax of £90,846 (£70,018). Stated earnings increased from 0.98p to 1.27p per 5p share and the interim dividend is kept as 0.175p net—the previous year's final was 0.54p paid from a record £366,000 surplus.

The directors report that a new activity under the aegis of the engineering division, started some years ago on a very small scale, has now developed into a modest but worthwhile enterprise on its own account and is expected to start contributing to group profit in the current year.

The directors add that all the group's divisions are active, but profit margins are constantly under pressure, and, while the long-term prospects in engineering are brightening somewhat, the current demand for new lines is progressing only very slowly. The woodworking division is holding its own, but is not expected to contribute much to profits in the current year.

Savoy shares get listing

The Savoy Hotel announces that restrictions imposed upon a number of its "A" and "B" shares because of exchange control regulations have been lifted.

The restrictions were imposed in 1969 on 92,009 "A" 50p shares (now 460,000 10p shares) and 30,207 "B" 25p shares (now 151,035 5p shares) issued in respect of the acquisition of the Hotel Lancaster in Paris.

As these restrictions have been lifted a listing of these shares will now be made on the Stock Exchange, and holders will now be able to deal in them in this country.

The shares rank pari passu in all respects apart from the ability to deal in this country so the lifting of restrictions makes no difference to the voting structure.

MINING NEWS

Big Australian uranium find by Peko-EZ

BY KENNETH MARSTON, MINING EDITOR

NEWS of a big new discovery of *uranium oxide in Australia's* Northern Territory by the **Peko-Wallsend-EZ Industries** partnership follows more than five years' *exploration in the* Australian companies' lease area and in the proposed extension of a national park.

The find is 140 miles east of *Darwin* at *Barote in the Alligator* Rivers area, not far from the partners' Ranger deposit and the **Pancontinental-Getty** Jabiluka deposit. No details of size or ore grade have been disclosed other than the statement that "significant" uranium mineralisation has been found in eight out of ten boreholes put down in the area.

According to Government sources in Canberra, the discovery could be one of the world's largest, some five to *ten times* larger than Ranger which was last estimated to contain about 100,000 tonnes of uranium oxide. But estimates of size from only eight boreholes can be wildly misleading and the Minister for Trade and Resources, Mr. Doug Anthony, has stressed that it will take some *time to assess the discovery.*

However, it is believed that high uranium grades of up to 17 lbs per tonne were obtained in the drilling work.

Ironically the find comes at a time when Peko and EZ, together with the other potential producers of Australian uranium, are still *awaiting permission* to start mining their big discoveries while countries such as Canada and South Africa are busily supplying an eager market for the material. At present the only *uranium mine* operating in Australia is the **Rio Tinto-Zinc** group's small and long-established Mary Kathleen *property in* Queensland.

A qualified go-ahead for Australian uranium mining has been given by the Federal Government and the companies have been busily filing their *applications* which have to meet strict environmental and political safeguards. Meanwhile, some of the Australian trade unions remain strongly opposed to the mining and export of uranium.

The Australian Government recently decided to stop uranium shipments until the middle of this month in order to allow a ballot of trade union members on their attitudes towards the development of the country's vast nuclear reserves. However some unions, those of the transport, iron and railway workers, have rejected the ballot plan which was put forward by the Australian Council of Trade Unions.

Thus the new discovery made by Peko and EZ remains of *academic interest for the moment,* especially in view of the fact that it has been made in part of a proposed national park with the resultant political and environmental complications that can be expected: the granting of mining leases for the area is far from a certainty. In the London *sharemarket yesterday Peko rose 35p* to 430p while EZ gained 5p to 165p.

AMAX

Canada's **Amax Potash**, owned by the U.S. Amax, has completed the sale of its potash interests in Saskatchewan to the Crown-owned Potash Corporation of Saskatchewan for $Can.85m. (£39.4m.). Amax retains its potash mine-mill *facility at Carlsbad, New Mexico,* which produced 730,000 tons muriate of potash in 1977, reports *our Toronto correspondent.*

The Saskatchewan interests (near Esterhazy) consisted of ore reserves under long-term contract with *International Minerals and* **Chemical Corp. (Canada)** to mine and process the reserves into finished products for Amax's behalf. *The purchase agreement* also included a long-term option for Potash Corp. to acquire undeveloped potash properties at Bredenbury, Saskatchewan, from another Amax subsidiary. This option may be exercised at any time in the next ten years upon payment to Amax of an additional $Can.5m.

Stilfontein to build new uranium plant

IN SOUTH AFRICA, the two **General Mining** gold producers, ***Stilfontein and Buffelsfontein,*** announced yesterday that they are to spend R60m. (£35.4m.) on a new plant to extract uranium oxide from accumulated mine tailings (waste material).

The plant will be at Stilfontein and of the annual production 85 per cent. will be attributable to *Stilfontein and the remainder to* Buffelsfontein. The plant, which is expected to be commissioned in 1980, will have the capacity to *process 3.2m. tons of mine waste* a year.

The greater part of both finance and potential sales have been *secured.* A loan of R50m. at an annual interest rate of 10 per cent. has been arranged, while the State-owned Nuclear Fuels **Corporation** has entered into long-term contracts for 80 per cent. of the output.

Stilfontein's surface dumps contain over 20m. tons of tailings and the decision to extract the uranium—made after detailed investigations—gives a boost to the mine. The company has been *receiving State assistance since* 1975 and although it has had some success in overcoming productivity problems, it still faces the problems of a relatively low grade gold ore.

Buffelsfontein, on the other hand, is already a significant uranium producer. It produced 324,600 kg. in the six months to last December.

The plans for the new plant fit into the wider South African plan *of building up national uranium* production. They follow the precedent established by Anglo American Corporation which is Uranium Corporation which is Uranium (Ergo) to extract uranium and gold from mine waste.

Yesterday Stilfontein shares were 267p. Those of Buffelsfontein were 872p.

European price helps Samancor

SOUTH AFRICAN ferro-manganese producers are satisfied that the minimum import prices introduced by the EEC at the beginning of *January will not disrupt* their market. South African exports of ferro-manganese total roughly R70m. (£41.3m.) a year, of which almost one-third is sold *in Europe,* writes **Bernard Simon** from Johannesburg.

Following recent discussions with the European Commission, Dr. Jack Kearney, the managing director of **Samancor** (which accounts for some 90 per cent. of South African ferro-manganese exports to Europe) said the price and quantity restraints provisionally agreed with the EEC are *favourable to South African* producers.

He claims that Samancor will still have a price advantage over European suppliers, while the tentative choice of 1978 as the base year for quota calculations causes few problems, since South Africa exported relatively large quantities to Europe in that year.

Although Dr. Kearney is optimistic that ferro-manganese prices will start improving in the *near future,* he does not expect larger orders before the second half of the year.

Output cutback at Robe River

PRODUCTION FROM the **Robe River** iron ore venture in Western Australia has been cut back and shipments during the current quarter are less than the contracted tonnages, a statement from **Robe River Limited** made clear yesterday.

The company has a 35 per cent. stake in the venture. Other shareholders are **Cleveland Cliffs** of the U.S. and Japanese steel *interests.*

The statement explained that trading stocks are above normal. Steps have been taken to reduce *them by extending major maintenance* shutdowns over Christmas and the New Year into January. The shutdowns are normally scheduled for later in the year.

In the December quarter of 1977 crude ore output was 3.25m. tonnes compared with 3.38m. in the same period of 1976. Pellet production was 933,000 tonnes against 1.12m. tonnes but fines output rose to 2.22m. tonnes against 2.04m. tonnes.

The latest quarterly figures contrast with the position a year ago when production was *expanding. At that time Robe* River was putting the final touches to plans to boost output from 15.8m. tonnes a year to 19.8m. tonnes, in order to meet additional Japanese contracts after 1979.

Robe River's longer term expan*sion plans are matched elsewhere* on the Pilbara by the **Hamersley** operation of the **Rio Tinto-Zinc** group and the joint venturers at **Mount Newman.** But all depend on the currently depressed Japanese steel market for their sales. Belts have therefore had to be tightened temporarily to cope with the recession.

Robe River Limited shares were 55p yesterday.

MINING BRIEF

FALCON MINES—December quarter: milled 59,300 tonnes (September quarter 58,900 tonnes). Working profit $454,625 ($765,671). Capital expenditure $90,224 ($30,651).

Company finances benefit from rally in internal funds

The real contribution of internal funds to company finances rallied in 1976 after continuously declin*ing since 1971. This emerges from* Department of Trade statistics on sources and uses of funds of all industrial and commercial companies now published.

After deducting stock appreciation and depreciation at current replacement costs, internal funds supplied 12 per cent. of the total *sources of funds. In 1975 and* 1974, internal sources on this basis were so poor as to be actually negative—minus 31 per cent. in 1975 and minus 11 per cent. in *1976. In 1971, by way of con*trast, internal funds constituted 57 per cent. of the total sources of funds.

The basis for the recovery *in* internal funding in 1976 was a £4,567m. rise *in gross income to* £22,672m., helped by moderate increases in tax and interest payments.

External funding also increased. The growth in bank borrowings accelerated from £418m. in 1975 *to £2,494m. in 1976. In all,* the total of all sources of funds increased from £9,832m. to £15,008m.

Among uses of funds, stocks showed the largest increase, new spending on them rising from £2,278m. to £5,163m. However, inflation was such that all this extra expenditure only kept stocks at about the same level. In 1975 they had severely declined.

Insolvencies still falling

The number of company liquidations continued to fall in *the last three months of 1977.*

Department of Trade figures show that seasonally adjusted liquidations fell to 1,370 in the fourth quarter compared with 1,439 in the third and 1,510 in the second.

This gradual reduction in liquidations comes after a steep rise between 1973 and 1976. The 1973 "low" was only 579 in the third quarter.

The fourth quarter figure on an unadjusted basis was 1,615, compared with 1,125 in the third quarter and 1,745 in the equivalent period a year before.

*Meanwhile the number of re*ceiving orders are also slightly down on the third quarter on a seasonally adjusted basis. But compared to a year before, the fall *is much more marked because* of the introduction in December, 1976, of higher limits in bankruptcy proceedings and higher *deposits on petitions.*

MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending Rate 6½ per cent.
(since January 6, 1978)

Conditions remained generally comfortable in the London money market yesterday but were patchy towards the close. There was a slight surplus of funds on the day, but the authorities did not intervene, and although banks are expected to carry forward surplus balances, money was not as freely *available at the close as may have* been expected.

Lack of demand for Treasury bills this week, and some uncertainty about the future trend in short-term interest rates, encouraged discount houses to increase buying rates for bills. Three-month Treasury *bills* are now quoted at 5¾-5⅝ per cent., compared with 5⅝-5½ per cent. after last week's bill tender. Longer *term rates were also firm,* with the one-year sterling certificates yield rising to 7⅛-7¼ per cent., from 7¼-7⅛ per cent.

Discount houses paid up to 6 per cent. for secured call loans, and closing balances were taken at 5-5½ per cent. The slight surplus carried over should help to maintain overnight rates at the lower levels which have prevailed for the last day or so.

Banks carried forward large surplus balances yesterday, and the market was also helped by a slight fall in the note circulation. On the other hand there was a slight *net take-up of Treasury bills to* finance, an excess of revenue payments to the Exchequer over Gov*ernment* disbursements, and repayment of a small amount of money lent by the authorities for seven days.

Rates in the table below are nominal in some cases.

Feb. 2 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight	—	5-7	—	—	—	6	5-6	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days or 7 days notice	—	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]			—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]			[illegible]	[illegible]	6	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—		[illegible]	[illegible]
Nine months	[illegible]	[illegible]	—	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	8	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years [illegible] per cent.; four years [illegible] per cent.; five years [illegible] per cent. ϕ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills [illegible] per cent.; four-month trade bills [illegible] per cent.
Approximate selling rate for one-month Treasury bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent.; one-month trade bills [illegible] per cent.; two-month [illegible] per cent.; and also three-month [illegible] per cent.
Finance House Base Rates (published by the Finance Houses Association): 7 per cent. from February 1, 1978. **Clearing Bank Deposit Rates** (for small sums at seven days' notice) 3 per cent. **Clearing Bank Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount 5.7692 per cent.**

BIDS AND DEALS

Rediffusion buys House of Fraser rentals

Rediffusion Ltd. announced yesterday that it is buying the television rental business of the ***House of Fraser,*** *owner of* Harrods.

The price for the 22 shops and 19,000 contracts has been agreed *at £2m. The deal covers rental* contracts sold through House of Fraser stores in Leicester, Shrewsbury, Birmingham, Chel*tenham,* Manchester and Lewisham, as well as South West Rental and Savill of Belfast.

The acquisition is part of a *trend over the last few years for* the television rental business to concentrate into the hands of the "big five" companies in the field.

Rediffusion, with 450 outlets in the U.K. and about 1m. contracts, is roughly the same size as Granada and DER. These three companies come second equal to Radio Rentals, the Thorn subsidiary. Smallest of the big five is Visionhire, in which Philips' has a 30 per cent. stake.

Concentration of the rental business has resulted partly from the pressure on servicing costs, which are a great burden to any company which has only a small number of contracts in a given area. The larger rental companies have also been able to drive down the cost of their sets through bulk purchasing.

The larger companies are also beginning to accumulate stocks of television sets whose capital value has been written off although *they are often still* serviceable. They are, therefore able to offer attractive prices for *older sets compared with some of* their smaller competitors.

House of Fraser intends to continue selling television sets in its department *stores.*

MINET PAYMENT

A further consideration of £41,024 has been paid by **Minet Holdings** to Mr C. G. Morley, Mr. A. C. Cadman and Mr. B. W. R. Peters representing the balance of the purchase price of £111,024 *agreed for the acquisition of* Geoffrey Morley and Partners on May 14, 1975. This has been satisfied by the issue of 25,640 Ordinary shares.

H. & C. HAS OVER 87% OF MALAYALAM

As expected *the* **Harrisons and Crosfield** offer for **Malayalam Plantations** has been declared unconditional and remains open.

The offer has been accepted by the holders of 19,845,338 shares (73.0 per cent.). This includes 1,958,629 shares relating to acceptances of the cash alternative.

Harrisons and its subsidiaries owned 3,577,630 shares (13.2 per cent.) in Malayalam on December 11, the day before the announcement of the offer. Since then, Harrisons and its subsidiaries have acquired 438,000 shares, thereby increasing the holding to *4,015,630 shares (14.8 per cent.).* The aggregate of the acceptances received together with Harrisons and its subsidiaries holding amount to 87.8 per cent. of the issued shares in Malayalam.

The resolution to increase the authorised capital of Harrisons from £30.63m. to £37.63m. has *been approved.*

SHARE STAKES

Royco Group: Mr. R. Strudwick has purchased *180,000 shares* at 29½p.

James Crean: Grangenew Investments has disposed of 275,000 Ordinary shares thereby reducing *interest to 193,488.*

B. S. and W. Whiteley: Mr. J. H. Whiteley *disposed of 25,000 shares on January 31.* Mr. C. W. Whiteley disposed of 25,000 on January 30.

Drayton Commercial Investment Trust: Royex Investment Company has acquired £35,000 2.8 per cent. (formerly 4 per cent.) Preference stock Guardian Royal Exchange Assurance now holds a total of £94,250 2.8 per cent. (formerly 4 per cent.) Preference stock 6.51 per cent. of that class.

Drayton Consolidated Trust: Guardex Investment has purchased *a further £15,000 3.5 per cent.* Preference stock and £20,000 3.5 per cent. (formerly 5 per cent.) Preference stock Guardian Royal Exchange now holds a total £65,150 3.5 per cent. Preference stock 13.04 per cent. of that class. In addition GRE now holds a total of £120,500 3.5 per cent. (formerly 5 per cent.) Preference stock [illegible] per cent. of that class, giving a combined voting right in [illegible] stock of 10.55 per cent.

Charles Hill of Bristol: C[illegible] *Extra Income Trust holds* [illegible] Ordinary shares (5.1 per cent.)

Heywood Williams Group: D. P. Oliphant has purchased *50,000 shares from Hanson T*[illegible] thus reducing Hanson's holding to 22.05 per cent.

Warner Estate Holdings: *Henry Warner* has disposed [illegible] 50,000 Ordinary shares.

ALEXANDER HOWDEN

Alexander Howden Group, insurance brokers, has completed the acquisition of Southeastern Aviation Underwriters Inc. Atlanta, Georgia, U.S., for $[illegible] paid in cash. The acquisition [illegible] effect from January 1, 1978.

SEAU acts as managing general agents and excess and surplus lines brokers. *Unaudited* figures for 1977 show a gross premium income of $85m. of which $[illegible] was derived from aviation business and $33m. from a non-marine account. A substantial amount of this is handled by Alexander Howden *for placement* either in London or in other international insurance markets.

Commenting *on* the purchase, Mr. Michael Glover, a deputy chairman of Alexander Howden, said that first estimates *of* performance of Southeastern for [illegible] showed very sound and continued growth.

Analysts are estimating [illegible] *SEAU could contribute $2.5m.* [illegible] tax profits in the current year.

Provl. Laundries offers terms for Lancaster

Provincial Laundries is holding talks with **D. M. Lancaster,** a lining fabrics finishing group, with a view to making a bid for Lancaster.

The terms, already tentatively announced, are five Provincial shares for every nine Lancaster which, at yesterday's closing prices of 7½p and 4½p respectively values Lancaster at *£174,000 compared with a market* value of £192,000.

No official bid has yet been made as *Lancaster's* directors are seeking independent financial advice before committing the 40 per cent. of the shares which they and their associates control and Provincial will not proceed until and unless *it* does get acceptance from them.

The price is claimed to be related to the asset values of the two companies. *At the end of* June, Lancaster's net tangible assets were £213,000, including £96,000 in cash. Provincial had *assets of £277,000 at the end of* December not including the expected surpluses from the recent property revaluation.

Behind the takeover proposals lie Lancaster's cash position coupled with the fact that it made pre-tax profits of only £831 last year and operates in a declining market. *It has not paid a dividend* since 1975.

Provincial turned in losses of £38,000 in the six months to last June but at the time the directors were forecasting a return to profits by the end of 1978, and paid an interim dividend of 0.16, the same as for the previous period. Under the proposals Lancaster's shareholders would not be eligible for Provincial's dividends for the year to last December but the implication is that there will be future dividends to be distributed and profits growth through the planned expansion programme *especially with Lancaster's cash* as a support.

NO PROBE

The proposed merger between **British Steel Corporation** and **Graham Wood Steel Group** is not to be referred to the Monopolies Commission.

BANK RETURN

—	Wednesday Feb. 1 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	25,266,851	+ [illegible]
Special Deposits	1,204,086,000	—
Bankers	428,706,401	— 73,[illegible]
Reserves & Other A/cs	748,901,283	+ 83,1[illegible]
	2,421,472,535	+ 10,0[illegible]
ASSETS		
Govt. Securities	1,971,706,088	+ 500,2[illegible]
Advances & Other A/cs	272,771,957	— 489,4[illegible]
Premises, Equip't & other Secs	153,479,963	+ [illegible]
Notes	23,361,398	— 1,4[illegible]
Coin	153,229	— [illegible]
	2,421,472,535	+ 10,0[illegible]
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	7,625,000,000	+ 50,0[illegible]
In Circulation	7,601,638,602	— 51,4[illegible]
In Bank'g Dep't	23,361,398	— 1,4[illegible]
ASSETS		
Govt. Debt	11,015,100	
Other Govt. Securities	6,548,570,822	+ 3[illegible]
Other Securities	1,065,414,072	+ 49,[illegible]
	7,625,000,000	+ 50,0[illegible]

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Money supply fears pare early rise

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Feb. 2.

AN EARLY fresh rally on Wall Street to-day was partially erased later, as investors began to worry over the possibility of a new jump in the U.S. money supply.

The Dow Jones Industrial Average, after further recovering to 781.88, finished only a net 1.04 higher at 775.38. The NYSE All Common Index ended 13 cents higher at $49.92, after reaching $50.05, while gains outnumbered declines by 872 to 522 at the close following an initial three-to-one ratio advantage. Business volume saw another increase to 23.05m. shares from a figure of 22.24m. yesterday.

Brokers said that investors fear that another increase in the money supply would lead to a new credit policy tightening by the U.S. Federal Reserve, and higher interest rates, thus hampering economic expansion.

After the market close, the Federal Reserve reported that the basic Money Supply in the latest reporting week rose $700m. and the broader M2 measure jumped $2bn.

Analysts tended to attribute the early improvement largely to internal forces after a long decline.

Transportation issues attracted good buying interest, Chessie System rising 1¼ to $35¼. Norfolk and Western ⅛ to $27½, and Burlington Northern ½ to $40¼.

Jos. Schlitz Brewing, the leading active, remained the centre of take-over speculation, advancing $1⅞ more to $15¾ in spite of a fourth-quarter loss.

Schering-Plough fell 2⅞ to $28⅞ on the company predicting lower fourth-quarter earnings.

Oil stocks were strong following favourable analysts' comments in a published report. Standard Oil of Ohio rose ⅞ to $68¼, Standard Oil of California 1⅛ to $38¾, and Phillips Petroleum ⅞ to $29⅜.

Bausch and Lomb soared 3⅞ to $53⅛, but Mark Controls, in marked contrast, dropped 2⅞ to $14⅞.

THE AMERICAN SE Market Value Index was finally 0.23 firmer at 122.80 after another fair business. Volume 2.57m. shares (2.45m.).

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Schlitz Brewing	330,200	15⅝	+1⅛
Digital Equipment	313,800	39⅞	−2
American Motors	287,000	4¼	—
U.S. Steel	278,400	28	−⅛
Schering-Plough	241,700	28⅞	−2⅞
Becton Dickinson	208,300	40⅞	+1⅛
Kresger	206,600	28⅞	+⅛
Amer. Tel. & Tel.	185,600	59¼	+¼
Exxon	184,500	45⅞	+⅛
[illegible]	170,300	34⅞	−⅛

OTHER MARKETS

Canada below best

Initial further improvements on Canadian Stock Markets yesterday were also partially lost by the close. Trading was active, with the Toronto exchange experiencing its heaviest business of 4.19m. shares (3.27m. on Wednesday) since January 6. The Toronto Composite Index ended just 0.6 up at 1006.6. Papers put on 1.21 to 93.40 and Banks 0.37 to 230.17, but Golds fell another 20.7 to 1329.8. Oils and Gas after the previous day's 26 points rise, closed 1.6 down on the day at 1362.2 following profit-taking.

Imasco "A," $29½, and Great Lakes Paper, $23, rose $1 apiece on higher earnings, but Banister Continental slipped ⅛ to $11⅛ on a third-quarter loss.

PARIS—Stock prices moved sharply lower, reflecting the slide of the French franc and political uncertainty as the March elections draw closer.

All sectors fell, although trading was fairly calm. Losses were particularly evident among Banks, Electricals, Metals and Oils.

BRUSSELS—Firmer for choice following moderate activity.

Solvay gained 35 at B.Frs.2.490 and Arbed 20 at B.Frs.2,045, but Traction Electric softened 75 to B.Frs.2,450.

AMSTERDAM—Mainly firmer in quiet trading, helped by Wall Street's better overnight trend.

Hoogovens lost Fl.0.40 in otherwise higher Dutch Internationals. Unilever and Royal Dutch being Fl.0.60 and Fl.0.80 up respectively.

GERMANY — Market extended Wednesday's gains in a lively business, which consisted of both domestic and foreign buying orders.

Engineerings were prominently higher, with KHD up DM.4.

SPAIN—Investor interest remained negligible with stocks mostly continuing to show little change either way. However, Babcock and Wilcox were noteworthy for a rise of 3 points to 29.

VIENNA—Market edged higher.

COPENHAGEN—Prices tended lower in fair dealings, but Banks were unchanged on balance while Communications were higher.

OSLO—Slightly easier in quiet dealings.

MILAN—Market reverted to a firmer tack in slightly more active trading, almost wiping out the previous day's losses.

SWITZERLAND—There was a widespread improvement in an active turnover, supported by heavy foreign and institutional demand.

Ciba Geigy rose 45 to Sw.Frs. 1,225 and Sandoz 40 to Sw.Frs.4,050 in the Chemical sector. Electricals had BBC "A" 35 higher at Sw.Frs.1,750. The company is due to publish its 1977 figures early in March and expects similar results to 1976.

Nestle improved 20 to Sw.Frs. 3,690 in Foods while, elsewhere, Union Bank put on 30 to Sw.Frs.3,435.

HONG KONG—A firmer tone prevailed in slow trading, with most interest seen in Blue-Chips.

Jardine Matheson gained 20 cents to $HK12.30, as did Hong Kong Bank to $HK17.10, while Hong Kong Land added 5 cents at $HK6.60 and Hutchison Whampoa 2½ cents at $HK3.525.

Elsewhere, however, Eastern Asia Navigation receded 7½ cents to $HK3.725.

TOKYO—After a firm start, shares reacted on increased profit-taking to finish with a majority of net losses. The Nikkei-Dow Jones Average shed 3.13 to 5,135.34. Volume 330m. shares (470m.).

Export-orientated issues mainly ended lower on the day after initially rising afresh on the overnight Wall Street recovery. Sony were finally Y20 down at Y1.810, Matsushita Electric Y6 cheaper at Y587, and Canon Y11 off at Y445.

Large-assets shares and speculatives, however were inclined higher, with Nippon Oil, Heiwa Real Estate and Atsugi Nylon, all gaining ground.

JOHANNESBURG — Golds generally reacted in light trading following lower Bullion indications, but Union Corporation gained 15 cents at R5.13.

Financial Minings were quietly steady, but other Metals and Minerals closed lower on balance after slack conditions.

Industrials moved irregularly. Rand Mines Properties added 10 cents at R2.45.

AUSTRALIA—Stocks put on a rather mixed showing, after the recent dullness.

Late buying ahead of the results brought a rise of 6 cents to $A5.26 in BHP, following the previous day's fall of 12 cents.

Container put on 5 cents to $A2.05 and Nicholas recouped 3 cents at 95 cents, but ICI Australia, $A2.05, and Pioneer Concrete, $A1.42, shed 3 cents apiece.

Among Banks, BNS Wales slipped 4 cents more to $A5.10, but ANZ hardened 2 cents to $A3.27.

Renison Tin were notable in Mining issues for an advance of 14 cents to $A6.16, while afternoon buying left Bougainville 3 cents firmer at 98 cents. CRA, however, retreated 7 cents further to $A2.06.

Indices

NEW YORK—DOW JONES

	Feb. 2	Feb. 1	Jan. 31	Jan. 30	Jan. 27	Jan. 26	1977-78 High	1977-78 Low	Since compilation High	Since compilation Low
Industrial	775.38	774.34	769.92	772.44	764.12	763.34	999.75 (3/1/77)	763.34 (26/1/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.72	89.57	89.62	89.46	89.37	89.35	93.87 (7/9)	89.35 (26/1/78)	—	—
Transport	212.65	210.31	208.56	208.71	208.71	208.68	246.64 (12/5)	199.60 (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.48	105.24	104.77	104.91	104.84	105.14	118.67 (22/2)	104.77 (31/1/78)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	25,050	22,240	13,870	17,400	17,600	19,600	—	—	—	—

* Basis of index changed from August 24

	Jan. 27	Jan. 20	Jan. 13	Year ago (approx.)
Ind. div. yield %	6.02	5.92	5.93	4.27

STANDARD AND POORS

	Feb. 2	Feb. 1	Jan. 31	Jan. 30	Jan. 27	Jan. 26	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	89.50	89.12	88.35	88.44	87.51	87.47	118.92 (3/1/77)	87.47 (26/1/78)	134.54 (11/1/73)	3.52 (30/6/32)
Composite	90.13	89.93	89.25	89.34	88.58	88.58	107.00 (3/1/77)	88.58 (26/1/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Feb. 1	Jan. 25	Jan. 18	Year ago (approx.)
Ind. div. yield %	5.22	5.22	5.15	3.89
Ind. P/E Ratio	8.69	8.62	8.74	11.09
Long Govt. Bond yield	8.18	8.20	8.17	6.67

N.Y.S.E. ALL COMMON

Feb. 2	Feb. 1	Jan. 31	Jan. 30	1977/78 High	1977/78 Low
49.92	49.79	49.41	49.46	57.07 (4/1/77)	49.06 (27/1/78)

Rises and Falls

	Feb. 2	Feb. 1	Jan. 31
Issues traded	1,826	1,832	1,840
Rises	872	933	675
Falls	522	427	679
Unchanged	432	472	486
New Highs	—	—	15
New Lows	—	—	46

MONTREAL

	Feb. 2	Feb. 1	Jan. 31	Jan. 30	1977-78 High	1977-78 Low
Industrial	165.86	165.37	163.85	163.29	186.47 (17/5)	158.02 (25/10)
Combined	172.67	172.30	171.02	170.62	187.45 (18/1/77)	165.60 (25/10)

TORONTO						
Composite	1006.6	1006.0	998.4	998.2	1061.4 (19/5)	961.0 (25/10)

JOHANNESBURG						
Gold	217.1	218.7	215.7	216.6	278.7 (1/3/77)	159.4 (24/5)
Industrials	212.1	212.1	211.6	211.8	214.4 (1/1/78)	169.1 (25/10)

	Feb. 2	Pre-vious	1977-78 High	1977-78 Low
Australia (¶)	461.80	461.96	478.46 (5/1/78)	416.22 (16/3)
Belgium (‖)	93.83	93.31	99.12 (1/3/77)	90.43 (1/7)
Denmark (**)	95.52	95.65	107.9 (9/6)	95.50 (2/2/78)
France (††)	48.6	49.6	56.4 (7/1/77)	43.2 (10/6)
Germany (‡‡)	799.9	796.1	815.5 (17/11)	712.5 (10/5)
Holland (§§)	80.5	80.1	93.2 (4/5)	75.6 (25/9)
Hong Kong (¶¶)	405.68	404.04	425.17 (11/6)	323.44 (15/1/78)
Italy (‖‖)	59.49	59.0	75.71 (6/1/77)	54.90 (22/12)
Japan (a)	382.49	363.51	390.93 (29/9)	350.49 (24/11)
Singapore (b)	266.26	265.85	268.02 (29/6)	242.26 (5/5)

	Feb. 2	Pre-vious	1977-78 High	1977-78 Low
Spain (d)	96.71	95.86	100.00 (30/12)	84.06 (25/11)
Sweden (e)	354.49	354.56	416.56 (25/3)	336.06 (29/11)
Switzerl'd (f)	316.7	312.5	318.2 (11/5)	280.2 (5/5)

Indices and base dates (all base values 100 except NYSE All Common—50 Standards and Poors—10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ord. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec., 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Close. (d) Madrid SE 30/12/77—high and low for 1978 only. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—77% (74¼%)

Effective rate (at 1.9495)—32¾% (30⅝%)

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ◇ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Feb. 2	Feb. 1
Corning Glass	48¾	48⅛
CPC Int'n'tional	43¼	43¼
Crane	25¾	25¾
Crocker Nat.	24⅝	24⅜
Johns Manville	28¾	28⅝
Johnson-Johnson	70¼	70¼
Johnson Control	28⅛	28¼
Joy Manufactur'g	30¾	30½
Revlon	42	41⅝
Reynolds Metals	29½	29⅝
Reynolds R. J.	55⅜	55⅛
Rich'son Merrell	21¾	21⅞
Woolworth	18⅛	17⅞
Xerox	45⅞	45¾
Zapata	16½	16¼
Zenith Radio	13⅜	13⅛

GERMANY ◆

Feb. 2	Prices Dm.	+ or −	Div. %	Yld. %
AEG	93.1	+0.3	—	—
Allianz Versich.	497	+4	18	1.8
BMW	225	.....	20	4.4
BASF	138.2	+0.2	17	6.2
Bayer	136.2	+1	16	5.9
Bayer. Hypo	291	+5	20	3.5
Bayer. Vereinsbk.	315	+5	20	3.2
Ciba Geigy Netwert	190	+15	—	—
Commerzbank	223.9	+0.9	18	4.0
Conti Gummi	81	−0.5	—	—
Daimler Benz	315	+1	19	3.0
Degussa	270	+3.5	17	3.2
Demag	159.8	+2.8	14	4.4
Deutsche Bank	308.5	+0.9	20	3.2
Dresdner Bank	249.5	+1	20	4.0
Dyckerhoff Zement	156	+4	4	1.3
Gutehoffnung	216.5	+3.5	12	2.9
Hapag Lloyd	113	+0.5	12	5.2
Harpener	237	+1	9	3.8
Hoechst	126.2	+0.6	16	7.0
Hoesch	43.5	.....	4	4.6
Horten	120.5	−0.5	10	4.2
Kali und Salz	150.5	−2.0	9	3.0
Karstadt	308.5	+2.5	20	3.2
Kaufhof	205	−1	20	5.0
Klockner Dm 100	88.5	−0.5	—	—
KHD	173	+4	12	3.4
Krupp	96.7	−0.3	—	—
Linde	241	+2.5	16	3.3
Lowenbrau Dm100	1,500	−5	20	1.3
Lufthansa	112.5	+1	7	3.2
MAN	202.5	+1	12	5.0
Mannesmann	169.5	+0.5	14	4.1
Metallges.	235	+3	10	2.2
Munchener Ruck.	528	+5	18	1.7
Neckermann	115.5	+2.0	—	—
Preussag Dm 100	116	−1	7	6.0
Rhein West Elect.	204.4	−3.4	16	4.0
Schering	260	+2	20	3.8
Siemens	296	−1.8	16	2.8
Sud Zucker	252	−2	17	3.4
Thyssen A.G.	120.5	+0.4	11	4.5
Varta	174.5	+2	14	4.0
VEBA	116.3	+1.6	12	5.2
Verein&West Bk.	303	.....	20	3.3
Volkswagen	210	.....	10	2.4

TOKYO ¶

Feb. 2	*Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	520	.....	14	2.2
Canon	445	−11	12	1.3
Casio	585	−5	25	2.1
Chinon	402	.....	20	2.5
Dai Nippon Print	515	+1	18	1.7
Fuji Photo	554	−4	15	1.4
Hitachi	203	−2	12	3.0
Honda Motors	529	−5	18	1.7
House Food	1,020	−10	35	1.7
C. Itoh	232	−6	12	2.6
Ito-Yokado	1,290	.....	30	1.2
Jaccs	615	+5	13	1.1
J.A.L.	2,700	.....	—	—
Kansai Elect.Pw.	1,040	.....	10	4.8
Komatsu	304	−4	18	3.0
Kubota	280	+1	15	2.7
Kyoto-Ceramic	2,500	−70	35	0.7
Matsushita Ind.	587	−6	20	1.7
Mitsubishi Bank	279	.....	10	1.8
Mitsubishi Heavy	141	−3	12	4.3
Mitsubishi Corp.	420	.....	13	1.5
Mitsui & Co.	318	−2	14	2.2
Mitsukoshi	520	.....	20	1.9
Nippon Denso	1,160	.....	15	0.6
Nippon Shinpan	615	−7	12	1.0
Nissan Motors	781	−2	16	1.0
Pioneer	1,490	−40	48	1.6
Sanyo Electric	215	−1	12	2.8
Sekisui Prefab.	931	−19	30	1.6
Shiseido	886	−4	20	1.0
Sony	1,810	−20	40	1.1
Taisho Marine	259	−9	11	2.1
Takeda Chemical	316	−6	15	2.4
TDK	1,520	−30	30	1.0
Teijin	120	−2	10	4.2
Tokio Marine	501	−2	11	1.1
TokyoElect Pow'r	1,100	−10	8	3.6
Tokyo Sanyo	258	+1	12	2.3
Tokyo Shibaura	123	−1	10	4.1
Toray	131	.....	10	3.8
Toyota Motor	838	−3	20	1.2

Source Nikko Securities, Tokyo

AMSTERDAM

Feb. 2	Price Fls.	+ or −	Div. %	Yld. %
Ahold (Fl.20)	102.2	+0.2	24	4.7
Akzo (Fl.20)	22.4	−0.4	—	—
Algem Bnk(Fl.100)	332	+1.5	A22.5	6.8
Amev (Fl.10)	80.2	+0.5	A544	5.5
Amrobank(Fl.20)	67.4	+0.4	22	6.7
Bijenkorf	80.5	−0.3	23	5.7
BokaWest'mFl10	118.5	+0.6	70	5.9
Buhrm Tetterode	67.1	+0.3	25	7.5
Elsevier (Fl.20)	251	+1	121	1.7
Ennia N.V.Bearer	128.5	−0.5	32.5	4.5

BRUSSELS/LUXEMBOURG

Feb. 2	Price Frs.	+ or −	Div. Frs. Net	Yld. %
Arbed	2,045	+20	—	—
Bq. Brx. Lamb.	1,438	+10	60	4.2
Bekaert "B"	1,750	+5	112	6.5
C.B.R. Cement	1,150	.....	90	7.9
Cockerill	356	+3	—	—
EBES	2,410	−10	177	7.3
Electrobel	6,150	−120	430	7.0
Fabrique Nat.	2,445	−10	170	7.0
G.B. Inno-Bm	1,910	.....	130	6.8
Gevaert	1,220	−2	80	6.6
Hoboken	2,625	+20	160	5.8
Intercom	1,645	−15	142	7.7
Kredietbank	6,150	.....	265	4.0

GOLD MARKET

	Feb. 2	Feb. 1
Gold Bullion (a fine ounce)		
Close	$174½-175	$175¾-176½
Opening	$175-175¾	$176¼-177
Morning fix'g	$175.00 (£89.813)	$176.60 (£90.583)
Afternoon fix'g	$174.85 (£89.657)	$176.40 (£90.499)
Gold Coins, domestically		
Krugerrand	$187½-189½ (£96-97)	$190-192 (£97½-98½)
New Sov'gns.	$55½-57½ (£28½-29½)	$55¼-57¼ (£28¼-29¼)
Old Sov'gns.	$53½-55½ (£27½-28½)	$54-56 (£27¾-28¾)
Gold Coins, internat'lly		
Krugerrand	$179½-181½ (£92¼-93¼)	$181½-183½ (£93¼-94¼)
New Sov'gns.	$55-57 (£28¼-29¼)	$55¼-57¼ (£28¼-29¼)
Old Sov'gns.	$53½-55½ (£27½-28½)	$54-56 (£27¾-28¾)
$20 Eagles	$259½-262½	$259½-262½

Fr. franc weak

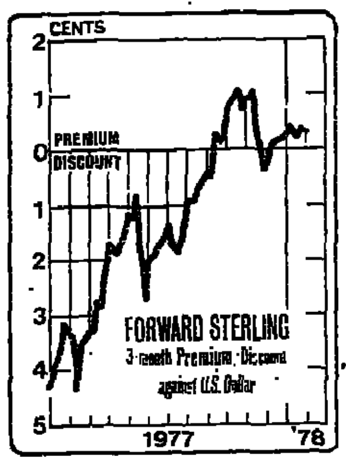
Fears over the outcome of next month's General Election in France put further pressure on the French franc yesterday. Intervention by the Bank of France failed to prevent the currency from closing at the lowest level of the day against the dollar. It finished at F.Frs.4.8475, compared with F.Frs.4.7725 previously. The currency's trade-weighted depreciation since the Washington Currency Agreement, as calculated by Morgan Guaranty of New York, widened to 9.39 per cent. from 8.04 per cent.

The Canadian dollar was also weak, falling to 89.83 U.S. cents, before central bank intervention pushed it back above 90 cents. It closed at 90.16½ cents compared with 90.23½ on Wednesday.

Other currencies were generally quiet in thin trading. The dollar's trade-weighted depreciation, on Morgan Guaranty figures, narrowed to 4.50 per cent. from 4.57 per cent.

Sterling was firm, but there was little reaction to the latest increase in the U.K. official reserves. The pound traded at around $1.95 for the most part, and closed at $1.9490-1.9500, a rise of 10 points on the day. Its trade-weighted index, as calculated by the Bank of England, rose to 66.7 from 66.5, after standing at 66.7 at noon and 66.6 in early trading.

Gold fell $1½ to $174½-175, following disappointment at the result of the IMF gold auction. Trading was fairly heavy, and the metal touched a low point of $173¾-174¼ in the afternoon.



CURRENCY RATES

	Special Drawing Rights February 2	European Unit of Account February 2
Sterling	0.622173	0.627104
U.S. dollar	1.21818	1.22314
Canadian dollar	1.34455	1.35995
Austrian sch.	18.4100	18.5611
Belgian franc	39.7060	40.0641
Danish kroner	6.96034	7.02800
Deutsche mark	2.56534	2.58598
Dutch guilder	2.74559	2.75769
French franc	5.85725	5.91085
Italian lira	1,052.05	1061.60
Japanese yen	292.863	295.818
Norway krone	6.24515	6.29939
Spain peseta	98.0229	98.8688
Swedish krone	5.65458	5.69983
Swiss franc	2.40678	2.42445

EXCHANGE CROSS-RATES

Feb. 2	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New York	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	—	14.743 177	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	6.7. 72	—	[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]
Amst'dam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

U.S. $ in Toronto U.S. $ = 110.82-85 Canadian cents.
Canadian $ in New York = 90.23-25 cents. U.S. $ in Milan 866.50-70.
Sterling in Milan 1687.00-1634.00.

EURO-CURRENCY INTEREST RATES*

Feb. 2	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German mark
Short term†	6¼-6½	6½-7½	6¾-7	5½-5⅞	¼-⅝	2½-3
7 day's notice	6¼-6½	6½-7⅛	6¾-7	5½-5⅞	¼-⅝	2¾-3
Month	6⅜-6⅝	6¾-7⅛	6⅞-7⅛	4⅝-4⅞	⅝-⅞	2⅞-3
Three months	6⅝-6⅞	6⅞-7¼	7¼-7⅜	4⅝-4⅞	¾-⅞	3-3⅛
Six months	7-7¼	7¼-7⅝	7⅝-7⅞	4½-4¾	1¼-1½	3⅛-3¼
One year	7⅜-7⅝	7⅝-7¾	7¾-8	4¾-5	1⅞-2⅛	3⅛-3⅜

Euro-French deposit rates: two-day 10½-10¾ per cent.; seven-day 13½-14½ per cent.; one-month 14½-15½ per cent.; three-month 14½-15½ per cent.; six-month 14½-14¾ per cent.; one year 14¼-14¾ per cent.

Long-term Eurodollar deposits: two years 8-8¼ per cent.; three years 8⅛-8⅜ per cent.; four years 8⅜-8⅝ per cent.; five years 8⅜-8⅝ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6.95-7.05 per cent.; three-month 7.10-7.20 per cent.; six-month 7.45-7.55 per cent.; one-year 7.65-7.75 per cent.

* Rates are nominal calling rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

FOREIGN EXCHANGES

Feb. 2	Bank Rate %	Day's spread	Close
New York	6½	1.9465-1.9520	1.9490-1.9500
Montreal	7½	2.1590-2.1630	2.1610-2.1620
Amsterdam	4½	4.39¾-4.42	4.40-4.41
Brussels	6½	63.65-63.95	63.70-63.80
Copenhagen	9	11.16-11.20	11.16½-11.19½
Frankfurt	3	4.10-4.13	4.11-4.12
Lisbon	13	77.90-78.60	78.35-78.55
Madrid	8	157.00-157.70	157.55-157.65
Milan	11½	[illegible]	[illegible]
Oslo	6	10.01-10.05	10.02-10.03½
Paris	9½	9.31-9.46	9.44-9.46
Stockholm	6	9.05-9.10	[illegible]
Tokyo	4¼	467-477	[illegible]
Vienna	5½	29.45-29.65	29.50-29.60
Zurich	1½	3.85½-3.86	3.85-3.86

Rates given are for convertible francs. Financial franc [illegible].

OTHER MARKETS

[illegible]

Rate given for Argentina is a free rate.

FORWARD RATES

[illegible]

Six-month forward dollar [illegible]. 12-month [illegible].

CANADA

[illegible]

SWITZERLAND ●

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

MILAN

[illegible]

AUSTRALIA

Feb. 2	Aust. $	+ or −
ACMIL (25 cent)	†0.74	+0.01
Acrow Australia	†0.83	.....
Allied Mnt-Tntg: Indus $1	†2.20	−0.05
Ampol Exploration	†1.25	.....
Ampol Petroleum	†0.76	−0.01
Assoc. Minerals	†0.74	[illegible]

PARIS

[illegible]

STOCKHOLM

[illegible]

BRAZIL

[illegible]

Vol. Cr.155m. Shares 53m. Source: Rio de Janeiro SE.

OSLO

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

Securities Rand U.S.$0.76½

SPAIN ♥

[illegible]

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Overseas operations limit decline at Sparbankernas

BY WILLIAM DULLFORCE

STOCKHOLM, Feb. 2.

PRELIMINARY 1977 results from Sparbankernas Bank, the Swedish savings banks' central bank, show a slight drop in earnings from Kr.58.4m. to Kr.57.2m. (£6.3m.). The final profit figure, however, is boosted to Kr.63.5m. by the earnings of the bank's leasing subsidiary, Sparleasing.

The expansion in the bank's foreign operations prevented a more substantial profit decline. Its interest income dropped by nearly Kr.19m. to Kr.60.7m., due chiefly to a combination of a higher discount rate and the bank's large holding of fixed-rate bonds. This was counterbalanced by a 46 per cent. rise in other income to Kr.67.6m., reflecting chiefly the foreign activities, including currency dealing.

The balance sheet grew by almost 25 per cent. to Kr.7.7bn. (£850m.) in 1977. Deposits from the public rose by 18 per cent. compared with 23 per cent. in the previous year, to total Kr.1.67bn. at the end of the year.

Deposits from the savings banks rose by Kr.714m. to Kr.3.65bn., the bulk of the increase coming towards the end of the year, when liquidity rose sharply on the Swedish money market as a result of the growing budget deficit.

Loans to the public grew by 23 per cent. to Kr.2.4bn., a large part of the increase being in housing credits. The business share of the bank's loans portfolio rose from 39 to 41 per cent. during the year in line with the savings banks' aim of extending their lending to industry and commerce. Sparbankernas Bank also managed more foreign loans for its busines customers in 1977.

Korsnas-Marma setback

BY OUR NORDIC CORRESPONDENT STOCKHOLM, Feb. 2.

KORSNAS-MARMA, the Swedish pulp and paper company, considers a further drop in earnings is inevitable in the current financial year, as long as the market stays in its present weak state. The 1978 Swedish wage settlement and exchange rate developments will determine performance, the management states in the shareholders' report for the year ending August 31.

Korsnas-Marma's earnings tumbled from Kr.175m. to Kr.79m. (£8.8m.) in 1976/77, while sales rose by 7 per cent. to Kr.962m. (£107m.), boosted by the inclusion of two newly acquired subsidiaries in West Germany. One is a paper sack factory, a field in which the Swedish company is particularly strong. The board proposes to pay an unchanged dividend of Kr.8 a share.

Despite its profit slump and gloomy forecast, Korsnas-Marma remains one of the most solid of the Swedish pulp and paper concerns. It did not go in for stock production to the same extent as most others, and has not been forced to take up large foreign loans.

It has retained a high level of liquidity, reflected in the fact that it showed a net financial income of Kr.5.3m. After bringing a new paper machine into operation in 1976, it has curbed its capital investments, down from Kr.303m. to Kr.188m. in 1976/77.

The low foreign indebtedness meant that the company has not been badly hit by the devaluation of the krona: the estimated devaluation loss has been wholly incorporated in the 1976/77 accounts. Stocks rose only moderately last year.

SAS appointment

THE BOARD of Scandinavian Airlines System (SAS) has appointed a Swede, Mr. Carl-Olov Munkberg, 49, to replace the Norwegian, Knut Hagrup, as managing director, when Mr. Hagrup retires in October after nine years in the job.

The change brings a businessman to replace a technician, although under Mr. Hagrup, SAS has been one of the few world airlines consistently to show a profit.

Oerlikon plans dividend lift

ZURICH, Feb. 2.

OERLIKON-BUEHRLE Holding AG the Swiss-based arms and engineering products group, said to-day that it planned to increase its dividend for 1977 to 15 per cent. from the 14 per cent. paid for 1976.

Consolidated group sales rose 15 per cent. in 1977, from Sw.Frs.2.35bn. in 1976 to Sw.Frs.2.7bn.

The company said that the rise in sales improved the profit picture, but it did not disclose any figures. In 1976, the company reported a consolidated net profit of SwFrs.157.8m.

AP-DJ

UCO textile stake

UCO, OF GHENT, Belgium, has acquired a 20 per cent. interest in Malta Spinning, the former Phoenix Textiles factory which two years ago came under Government control, reports Godfrey Grima from Valetta.

The consideration at which UCA acquired their shareholding has not been disclosed.

Last year, the company showed considerable improvement, with exports growing to more than £M2m.

EUROBONDS

Another sterling issue

BY FRANCIS GHILES

THE SECOND sterling-denominated bond in 24 hours was announced yesterday: a £20m. 10-year bullet with an indicated coupon of 10 per cent. for INA, the giant U.S. insurance company. Lead manager is Blyth Eastmann Dillon, in which INA has a stake. Joint lead manager is Morgan Grenfell.

The announcement of this new sterling issue pushed down the price of the Rowntree Mackintosh bond which was trading for the first time. It opened at 99½-100, but fell back later in the day to 99¼-¾. Further announcements of new sterling bonds are expected in the next few days.

Tho dollar sector remained firm, with prices edging up a little on the day. The coupon on the $60m. floating rate note for Long Term Credit Bank of Japan was reduced for the second time, to 6 per cent., and priced at par. Joint lead managers are First Boston (Europe) and Credit Lyonnais.

The Deutschemark sector had another very good day. The increase in secondary market prices since last Friday has been between ⅝ and ¾ of a point.

Demand for new issues continues to be very strong. Deutsche Bank is to arrange a DM50m. convertible for Fujitsu. Indicated coupon is 4¾, and conversion into ordinary shares will be possible from June 1, 1978. After the DM 200m. bond for New Zealand, due any day now, Commerzbank is expected to bring a bond for a Brazilian borrower.

In the Swiss franc sector, the Sw.Frs.100m. 4 per cent. 15-year bond for Den Norske Industribank has been priced at par. Lead manager is Crédit Suisse. Mitsubishi Chemical Industries will make a Sw.Frs.80m. private placement on an indicated coupon of 4¼ per cent. and with a 7-year maturity.

Charles Batchelor adds from Amsterdam: Norges Kommunalbank plans to raise Fls.100m. for 15 years on an indicated coupon of 7¾ per cent. The management group is led by Amsterdam Rotterdam Bank.

A Lux.Fr.500m. 8-year bond carrying a coupon of 8 per cent. has been priced at par and a quarter. The borrower is Almanij SA, and lead manager is Kredietbank Luxembourgeoise.

See Lex

AMERICAN NEWS

SEC probe into Sun Becton bid

WASHINGTON, Feb. 2.

THE U.S. Securities and Exchange Commission has ordered a formal investigation of Sun Company's recent purchases of Becton Dickinson shares. Although SEC interest in the acquisition has been reported, authorisation of a formal investigation represents a new development.

The SEC offered no clues about its interest in the Sun move, merely noting that the commission staff made an "informal investigation of the circumstances of these purchases" and that following the staff's report, the commission authorised a formal investigation to determine whether violations of law have occurred.

A spokesman for Sun Company said the concern is not surprised that the SEC has ordered the investigation.

"It is only natural they would look into a transaction that appears to be controversial," he said, adding that "we feel our purchase was in full compliance with applicable State and Federal securities laws and we believe the SEC will find as much."

AP-DJ

Poor fourth quarter for Dow Chemical

MICHIGAN, Feb. 2.

DOW CHEMICAL estimated net income of $566m. or $3.01 a share for 1977 compared to $613m. and $3.30 a share in 1976. Sales were $6.23bn. up from $5.65bn.

For the fourth quarter, sales are expected to be $1.55bn. and earnings $104m., or 57 cents a share compared to $1.46bn., $149m and 80 cents a share respectively in the prior year.

Mr. G. J. Williams, financial vice-president, noted that "December sales and profits were unexpectedly weak. We believe this was due to an unusual reduction in customer year-end inventories.

Agencies

National Bank of Georgia loss

ATLANTA, Feb. 2.

NATIONAL BANK of Georgia expects to achieve profitable operations this year, president Robert P. Guidon said after the bank announced a 1977 loss of $1.74 a share.

Primary reason for the loss, Guidon declared, was an increase to $6.1m. in loan loss reserve last year from $2.1m. in 1976. Loan losses rose $5.2m. in 1977 from $1.7m.

At the year-end, loan loss reserves were $2.4m., 1.04 per cent. of outstanding loans and leases.

The bank was formerly headed by former U.S. budget director Bert Lance, who owns 60,000 shares. Last month, Lance sold 120,000 of his shares to Saudi businessman Ghaith Pharaon, who is expected to make a public offering for up to 60 per cent. of the bank's outstanding stock.

Reuter

Pacific Far East Lines

SAN FRANCISCO, Feb. 2.

PACIFIC FAR East Lines filed for protection under Chapter 11 in Federal District Court here saying it was unable to pay its debts as they mature.

Bankruptcy Judge Lloyd King signed an order allowing the company to keep its assets and to continue operation. Under Chapter 11, a company is protected from creditor suits while it works out a plan to pay its debts.

For the nine months, as previously reported, Pacific Far East had losses of $14.6m. on revenue of $115.5m. compared with a net income of $12.1m. on revenue of $85.7m. a year earlier.

AP-DJ

Emerson peak first quarter

ST. LOUIS, Feb. 2.

IN THE first quarter ended December 31, 1976, Emerson Electric Company earned $32.4m. or 56 cents a share on sales of $409.8m. The year-ago figures are restated to take account of acquisitions.

"The first quarter gains, the best for any quarter in the company's history, were broad-based," said Mr. Charles F. Knight, the chairman.

He said the company expects a good second quarter consistent with first quarter trends, and predicted record sales and earnings for the fiscal year 1978 ending September 30.

AP-DJ

CIT Financial slight fall

C.I.T. FINANCIAL Corporation reports fourth quarter net income of $23.97m. or $1.16 per share against $24.47m. or $1.18 per share.

The 1977 quarter net income was struck after a loss from discontinued property and casualty insurance operations of $675m. and after an unrealised foreign exchange loss of $2.58m.

The comparative quarter net income was after loss from discontinued property and casualty insurance operations of $905,000 and after an unrealised foreign exchange loss of $4.08m.

Agencies

Schlitz reports fourth quarter loss

BY STEWART FLEMING

NEW YORK, Feb. 2.

THE FIERCE marketing battle in the 158m.-barrel-a-year U.S. beer industry has taken its toll on the 1977 profits of Joseph Schlitz Brewing Company, until last year the second largest U.S. brewer.

Compounded by an unexpected, and heavy, fourth quarter loss of $4.8m. against a slim profit of $865,000 in the fourth quarter of 1976, the company's profits for 1977 have tumbled from $50m. in 1976 to only $20m. Sales revenues also declined from $1.2bn. in 1976 to $1.1bn. last year.

Despite these figures Schlitz was the most active stock on the New York Stock Exchange to-day as rumours about a possible merger strengthened. After the company's stock closed at 15½ up 1¾, Mr. Daniel McKeithan, the Schlitz chairman denied that the company was involved in any merger negotiations and said that it had no knowledge of any pending offer. The company disclosed last weeend that it had had preliminary talks with R. J. Reynolds but no offer had been made. Other company names linked with Schlitz include General Foods and Coca Cola but neither has apparently made any approach.

The structure of the U.S. brewing industry has been thrown into disarray by the entry into the market, and subsequent phenomenal growth, of tobacco giant Philip Morris's brewing subsidiary Miller Brewing.

Philip Morris bought Miller in 1970 when it was only the eighth largest U.S. brewing company. The tobacco company's marketing prowess, which has been amply demonstrated with its promotion of the Marlboro cigarette, coupled with changing consumer tastes, has lifted Miller to third place in the brewing league with most industry analysts confidently predicting that this year it will easily displace Schlitz from second place.

That confidence is based in part on the performance of Miller. Last year it posted a 43 per cent. increase in barrellage against an industry-wide increase of only 2 per cent.

Miller's success has brought it into a position to challenge the market leadership of Anheuser-Busch which with its Budweiser and Michelob brands commands just over one fifth of the U.S. market last year compared with Schlitz's 16 per cent. which Miller will surpass in 1978.

Brewing industry analysts are now predicting that the battle between the industry giants (Anheuser and Miller with their marketing flair and the resources to fight for, and defend, market shares) will put tremendous pressures on the profitability of the other leading brewers. Schlitz is seen as one of the companies most likely to suffer further from the fight, partly because of the increase in capacity which is coming on stream at its plants and partly because of a marketing strategy which analysts say has not worked and is in the process of being changed.

It is argued that the two leaders will not allow beer prices to increase sufficiently in the traditional brands for Schlitz to keep abreast of costs. Meanwhile the leaders' strong position in the lower calorie "light" beers and in the premium priced quality beers will allow them to maintain profits.

The growth of the "light" beers has been an object lesson in new product promotion, which a sophisticated tobacco company can be expected to do well. Philip Morris opened up the market for low calories beer in 1973 for the industry as a whole and some estimates suggest that these beers will capture about 20 per cent. of the market in 1978.

Some forecasts suggest that at current growth rates, Anheuser-Busch and Miller could increase their total market share from just over one-third currently to perhaps one-half by 1980 as they eat into the market shares of their nearest rivals Schlitz, Pabst and Adolph Coors. If the medium-sized companies in the industry cannot successfully fight back they may find themselves looking to other major consumer-oriented corporations for help.

Accountants proposals attacked

BY OUR OWN CORRESPONDENT

NEW YORK, Feb. 2.

THE U.S. accounting profession's proposals for tougher self-regulation have come under attack at hearings before Congressional sub-committees in Washington this week.

The former chief accountant of the Securities and Exchange Commission Mr. John C. Burton, who is currently a professor of finance and accounting at Columbia University, described the professions' proposals as "significant," but added that "they must be characterised as insufficient."

Mr. Burton argued that the American Institute of Certified Public Accountants (AICPA) does not have the legal authority to achieve effective surveillance and discipline, adding that if its sanctions are to be effective, they are very likely to constitute a violation of the anti-trust laws as restraints on competition.

The current SEC chairman, Mr. Harold Wiliams, favoured giving the AICPA more time to make self-regulation effective before passing legislation and argued that he believed the profession is capable of effective self-regulation. But he warned that the commission is not "wholly satisfied" with the steps that have been taken so far.

Representative John E. Moss, chairman of the House Subcommittee on Oversight and Investigations, is considering introducing a Bill creating an organisation that all accounting firms practising before the SEC would be required to join.

It would be financed by the profession and staffed from the private sector but authorised to conduct investigations of the profession under SEC review.

In September of last year, following years of criticism about the profession's self-regulatory processes which intensified in the wake of a rash of corporate failures attributable to fraud and the corporate bribery scandals, the AICPA proposed a stricter self-regulatory programme. The programme required that firms review each others auditing practices, created a Public Oversight Board and split the profession into two sections, one for the large firms, the other for smaller firms. A number of smaller firms have filed suit challenging this proposal.

Algoma profit advances on volume rise

By Robert Gibbens

MONTREAL, Feb. 2.

ALGOMA STEEL, the third largest Canadian steel producer specialising in plate, earned $C37.5m. or $C2.62 a share in 1977, against a restated $C24.3m. or $C1.72 in 1976 on revenues of $C688m. ($C585m.).

Strikes in the U.S. coal and iron ore industries adversely affected earnings, but higher volume, improved product mix, and better operating efficiency largely offset this. The company has adequate supplies of coal and iron ore until the navigation season opens on the Great Lakes. Algoma is controlled by the Canadian Pacific Group.

Royal Trust

ROYAL TRUST, Canada's largest financial conglomerate with offices in the U.S. and Europe, earned $C18.5m. or $C1.55 a share in 1977, against $C19.8m. or $C1.78. The improvement over the last three quarters "indicates a return in 1978 to the long-term growth pattern," the company said, reports our Montreal Correspondent.

Carter Hawley—FTC

Carter Hawley Hale Stores Inc said it was "informally advised" that the Federal Trade Commission has started an investigation of its acquisition attempts of Marshall Field and Co., reports Reuter from Los Angeles.

Optimism at Northern Telecom

BY JAMES SCOTT

TORONTO, Feb. 2.

SIGNIFICANT growth in the operations of Northern Telecom, the manufacturing subsidiary of Bell Canada, the country's largest telephone company, has been forecast for 1978 by Mr. Robert Scrivener, the president.

He told a meeting of financial analysts in Toronto that the spare capacity of the telecommunications industry is steadily being used up and the company's growth rates are returning to historical trends.

Recent American acquisitions by Northern Telecom will make positive contributions to earnings, he said.

The company's digital product line is coming on stream as planned with the order book most encouraging and running ahead of forecast. Mr. Scrivener said the company is going to take the strong position in the multi-million dollar market opening up for programmable microwave computer systems.

Although he was optimistic in his forecast, the company to-day announced that it had laid off 79 employees at its switching systems plant in the Toronto area and plans to lay off up to 280 employees at plants in Quebec.

U.S. QUARTERLIES

AMERICAN BRANDS

	1977 $	1976 $
Fourth quarter		
Revenue	1.24bn.	1.04bn.
Net profits	34.9m.	20.5m.
Net per share	1.30	0.74
12 months		
Revenue	4.61bn.	4.12bn.
Net profits	157.8m.	122.0m.
Net per share	5.87	4.54

AMERACE CORP.

	1977 $	1976 $
Fourth quarter		
Revenue	69.9m.	62.5m
Net profits	3.8m.	3.0m.
Net per share	1.02	1.08
12 months		
Revenue	280.1m.	250.4m.
Net profits	9.8m.	8.7m.
Net per share	3.43	2.94

AMERICAN GEN. INSURANCE

	1977 $	1976 $
Fourth quarter		
Revenue	433m.	363m.
Net Profits	36.6m.	20.8m.
Net Per Share	1.56	0.86
Year		
Revenue	1.57bn.	1.43bn.
Net Profits	124.5m.	76.9m.
Net Per Share	5.22	3.13

AMERICAN STANDARD

	1977 $	1976 $
Fourth quarter		
Revenue	465.3m.	400.5m.
Net profits	20.8m.	17.7m.
Net per share	1.45	1.00
12 months		
Revenue	1.79bn.	1.65bn.
Net profits	88.4m.	70.9m.
Net per share	5.62	3.94

ANCHOR HOCKING

	1977 $	1976 $
Fourth quarter		
Revenue	159m.	158m.
Net Profits	7.6m.	3.2m.
Net Per Share	1.12	0.48
Year		
Revenue	—	—
Net Profits	30m.	27.4m.
Net Per Share	4.45	4.06

ARA SERVICES INC.

	1978 $	1977 $
First quarter		
Revenue	426.6m.	376.3m.
Net profits	13.3m.	12.3m.
Net per share	1.31	1.20

CONTINENTAL CORP.

	1977 $	1976 $
Fourth quarter		
Revenue	†	†
Net profits	72.1m.	33.3m.
Net per share	2.70	1.25
12 months		
Revenue	†	†
Net profits	245.0m.	108.0m.
Net per share	9.22	4.03

† Not given.

CUTLER-HAMMER

	1977 $	1976 $
Fourth Quarter		
Revenue	137m.	117m.
Net Profits	6.8m.	5.2m.
Net Per Share	1.17	0.91
Year		
Revenue	517m.	447m.
Net Profits	24m.	18m.
Net Per Share	4.12	3.20

GREYHOUND CORP.

	1977 $	1976 $
Fourth quarter		
Revenue	1.0bn.	954.0m.
Net profits	26.4m.	19.0m.
Net per share	0.60	0.43
12 months		
Revenue	3.9bn.	3.8bn.
Net profits	82.5m.	77.0m.
Net per share	1.88	1.76

FAIRCHILD CAMERA

	1977 $	1976 $
Fourth quarter		
Revenue	116.2m.	118.7m.
Net profits	4.5m.	5.2m.
Net per share	0.83	0.94
12 months		
Revenue	460.1m.	443.2m.
Net profits	11.2m.	12.5m.
Net per share	2.06	3.27

FIRST CHARTER FINANCIAL

	1977 $	1976 $
Fourth quarter		
Revenue	—	—
Net Profits	26.8	21.5
Net Per Share	0.90	0.72
Year		
Revenue	—	—
Net Profits	96.8m.	71.5m.
Net Per Share	3.27	2.41

PPG INDUSTRIES

	1977 $	1976 $
Fourth quarter		
Revenue	640.1	573.9
Net Profits	26.9m.*	33m.
Net Per Share	0.87*	1.05
Year		
Revenue	2.5bn.	2.25bn.
Net Profits	91.7m.	161m.
Net Per Share	2.93	4.34

* Loss—1977 saw non recurring charge of $63.5m. in fourth quarter.

Siemens forecasts modest growth in annual turnover

BY JONATHAN CARR

MUNICH, Feb. 2.

SIEMENS is looking for about 5 per cent. growth in turnover in the current year to September. Ratios of profit to turnover, however, are likely to decline due to losses at the group's power station building offshoot.

That does not mean that the new traditional 16 per cent. dividend of West Germany's leading electricals concern is endangered. On the contrary, the annual Press conference here revealed that the company is performing rather more strongly than its results at first glance might suggest.

In the first quarter to December 31 of the new business year, net profits rose to DM145m. from DM136m. in the same period of the previous year, on sales up to DM6.2bn. from DM5.5bn. Turnover growth of about 5 per cent. for the whole year is expected.

The inflow of orders rose to DM7.1bn., from DM6.8bn. (with domestic demand, significantly, slightly stronger than foreign), and orders in hand were up to DM45.8bn. from DM44.8bn.

The figures so far give a net profit to sales ratio of 2.3 per cent.—a result which the executive chairman, Dr. Bernhard Plettner, indicated was likely to be roughly matched for the year as a whole. Last year, Siemens achieved 2.6 per cent.—net profits of DM650m. on sales of DM25.2bn.

However, it must be borne in mind that all these figures include results of the power station building company, Kraftwerk Union (KWU)—a wholly-owned subsidiary since Siemens bought the 50 per cent. stake previously held by AEG-Telefunken.

KWU is making a loss—not least because around DM9bn. of domestic nuclear power station orders on its books cannot be carried through because of action by environmentalists and court delays.

It was briefly revealed that if KWU were not included in Siemens' figures last year, the company on its other activities would have achieved a profit-sales ratio of about 3 per cent. That is a particularly satisfactory figure, which Siemens has neared only twice in the past decade.

Siemens is clearly prepared for losses from KWU for several years to come, though no one is prepared to guess just how many years. But two points are worth making: Overseas business already shows that technologically KWU has little to fear from any rival; and only a large and particularly sound concern could afford to carry KWU until it breaks through into profits.

The orders figures for last year, now released in detail, show how Siemens has been able increasingly to pick up business in the industrialising world to help compensate for the flaccid growth in the industrialised states.

The overall order intake (without KWU) was up by 7 per cent. to DM24bn.—with foreign orders rising by 11 per cent. to DM12.9bn. and domestic orders by 4 per cent. to DM11.1bn.

Orders from OPEC States, especially for plant, again rose particularly strongly. Within the last five years the oil producing countries have increased their share of Siemens' foreign order intake from 5 per cent. to almost 20 per cent., while the share of European industrialised States has dropped from more than 50 per cent. to 45 per cent.

Last year was marked by new moves by Siemens to establish itself more strongly on the American market—but the company is sceptical about suggestions that it should buy into relatively large U.S. concerns, as German companies in several other sectors are doing.

Dr. Plettner noted that what was possible in the steel or chemicals field was not so easy in Siemens' own. However, it is clear that by the end of this year Siemens will have taken a further 30 per cent. stake in the joint venture, Siemens-Allis, which it founded last year with Allis-Chalmers, the Milwaukee power engineering concern. Siemens already has a 20 per cent. stake, at a cost of $19m.

Further, Siemens will intensify its collaboration with the California concern Advanced Micro Devices (AMD), and has just set up a joint venture with it for the production and sale of microprocessors and integrated circuits.

Siemens considers increased expertise in this field essential for the further development of the other sectors of its activity.

Unrest over plans for Buitoni cuts

BY PAUL BETTS

ROME, Feb. 2.

INDUSTRIE Buitoni Perugina, Italy's largest private food and confectionery concern, was hit to-day by widespread labour unrest following the breakdown of talks between the company and trade union representatives last night. The talks centred on the company's rationalisation plans, which include proposals to lay off some 1,200 of Buitoni's 6,800 employees.

Uncertain market prospects, especially in Italy, and the rise of company indebtedness are understood to be among the principal reasons behind the decision of the group to reduce its current power. Turnover is expected to total next year more than L450bn., or about £300m.

Among the company's rationalisation plans is the closure of its plant in Aprilia, which at present employs 200 people, and the reduction of the work-force in two other plants. Buitoni's overall objective is to effect a saving of some L15bn. (£10m.) this year.

While agreement was reached last week between the labour unions and the State holding company, IRI, over the rationalisation of the State food and confectionery interests grouped up to now in the Unidal concern, there are likely to be greater difficulties over Buitoni's proposals.

Banks in merger talks

BY ROBERT GRAHAM

MADRID, Feb. 2.

SHARES IN the Banco Cantabrico, a small commercial bank, were suspended to-day on the Madrid stock exchange pending the outcome of merger talks with one of the big five Spanish banks, Banco de Santander.

Informed sources said that the merger talks were linked to the collapse of the Banco de Navarra, which was taken over by the Bank of Spain two weeks ago. On January 27, Cantabrico published large advertisements in the local press claiming that all links with Navarra and its holding company MPI had been severed. Until November 1976 Cantabrico had been closely linked to the MPI group.

Cantabrico, with a capital of Pesetas 764m. and deposits of Pesetas 5.6bn., is a regional bank with 19 branches. The merger discussions are understood to centre around the initial purchase by Santander of 60 per cent. of the equity, which is held more or less in one block. The remaining shares are dispersed among small shareholders.

AUSTRALIAN NEWS

Drought hits Chamberlain

BY LAURENCE STEPHENS

SYDNEY, Feb. 2.

THE WIDESPREAD drought in rural areas of Australia this summer appears to have claimed its first corporate victim. Chamberlain Holdings, a Perth-based manufacturer of agricultural equipment, partly blamed the drought for its plummeting profitability in the July-December half-year when earnings sank 99.8 per cent., from $A3.15m. to $A7,000.

But the news for shareholders was tempered by the directors' decision to hold the interim dividend at 4 cents a share in anticipation of improved profits in the second half of the year.

The company said the result reflected the competitiveness of the agricultural machinery market, which had fallen significantly due to the drought and economic uncertainty in the industry.

An increase in the company's share of the smaller market was achieved at the expense of profitability, but it was believed profit for the full year would be adequate to cover the normal dividend of 16 per cent. (8 cents a share) for the period.

The tiny profit came after an 11 per cent. dip in sales to $A44.5m., and was supplemented by a capital gain of $A15,000 (last year nil).

The directors also pointed out that devaluation of the Australian dollar in November, 1976, had created demand for the group's products at pre-devaluation prices in the previous corresponding period, while no such distortion had occurred in the latest half-year.

Herald and Weekly Times gains control

BY OUR OWN CORRESPONDENT

SYDNEY, Feb. 2.

THE MELBOURNE-BASED publishing group, the Herald and Weekly Times, to-day announced that it had won the fight for control of the suburban newspaper company Standard Newspapers, after thwarting a counter offer from its rival, David Syme, publisher of The Age.

The Herald group declared its bid unconditional after lifting its stake in Standard from its original holding of 534,726 shares to 1.36m. shares or 78.97 per cent. of the capital.

Conditions of the bid included acceptance from 90 per cent. of the shares not already held and from 75 per cent. of shareholders apart from The Herald itself.

The Herald's final bid consisted of three of its own shares plus $A1 cash for every four Standard shares. The bid valued Standard at $A3.64m. and has so far cost the company $A1.71m. More acceptances are expected.

Recovery by ASL

PROFITS OF Associated Securities (ASL), the Australian finance group, were curtailed by losses incurred by its property division in the half-year to December 31.

Overall results, however, reflect an impressive recovery with net trading profit amounting to $A89,000, compared with a $A17.5m. deficit in the previous comparative period.

The results are after taking into account for the first time profits from associated companies, which amounted to $A274,000. The previous year's deficit was $A1.91m. before property write-downs.

The company said results of the property divisions would continue to be affected by holding charges in the future, but that the company's finance, insurance and investment divisions were all trading profitably.

The company is again omitting an interim dividend.

BfG credit business increases

BY GUY HAWTIN

FRANKFURT, Feb. 2.

BANK FUER Gemeinwirtschaft (BfG) which is owned by the West German trade unions, saw overall credit business increase substantially last year, despite a low level of demand from industry. Like most of the other leading banks, however, BfG has faced an almost embarrassingly high inflow of savings deposits and has announced another reduction in interest rates on savings accounts.

Herr Thomas Wegscheider, the bank's new chief executive, said that profits last year had been satisfactory, although the final figure will not be published for another couple of months. BfG's balance sheet total advanced by 11.2 per cent. to DM29.95bn., while the consolidated balance sheet total moved up from DM41.4bn. to DM47bn.

The pattern of credit demand varied considerably, he said. Commercial and industrial credit demand had remained weak, and the main weight of credit expansion came in advances to private customers, domestic customers and from the public authorities.

Advances to customers rose by an overall 19.2 per cent. from DM11.33bn. to DM13.52bn., while advances to other credit institutions went up by 12.2 per cent. from DM8.72bn. to DM9.98bn. Bond and debenture business increased by 14.8 per cent. from DM2.29bn. to DM2.63bn.

Deposits rose by 12.2 per cent. from DM24.6bn. to DM27.6bn. Liabilities to other banks increased by 7.4 per cent. to DM11.06bn., while customers' deposits went up by 15.7 per cent. to DM16.55bn. Of this, the main impetus appears to have come in the savings sector, where deposits rose by 12.6 per cent. to DM2.95bn. However, the overall inflow of savers' cash, including other forms of savings, rose by DM950m.—which means that the bank is holding 30 per cent. more savings money than at the end of 1976.

It therefore comes as no surprise that the BfG has announced that, with effect from February 8, it is cutting interest paid on savings deposits by 0.5 per cent. to 2.5 per cent. Already it has reduced the rate paid on savings certificates by 0.25 per cent.

Phoenix Gummiwerke

By Our Own Correspondent

FRANKFURT, Feb. 2.

PHOENIX Gummiwerke shareholders seem unlikely to see a dividend for 1977. Their group—West Germany's second largest tyre manufacturer—paid nothing for 1976 after a minimal 5 per cent. for 1975.

Although no news is yet forthcoming from the company, the group is unlikely to report a profit this year. Holders, however, will have to wait for a firm statement for some time. The annual meeting is not June 7 and Dr. Peter Weinlig, the group's chief executive, said to-day that it was still not the time for dividend forecasts as the final figures were not yet completed.

Since the beginning of the current decade the West German market has been plagued by stiff competition, particularly from imports from low wage-cost countries, and the group's efforts to switch its production emphasis to the more lucrative technical rubber products sector, while successful, have not fully managed to offset losses in the tyre market.

The Phoenix-Gummi interim report sounds a good deal more sanguine than could perhaps have been expected in view of the fact that a proposed merger with the federal republic's largest tyre manufacturer, Continental Gummi-Werke, fell through late last year. Although this came as no great surprise to the investment community—mergers between the two have long been fruitlessly discussed—the particularly weak state of the tyre market seemed to indicate that some form of concentration was more than not just desirable but overdue.

The report said that in 1978 it expects its order book and labour force to remain stable. It also said that it would end 1977 at break-even although its turnover share in the tyre market had fallen to under 30 per cent. Capital investment during the current year was forecast at more than DM60m. after 1977's DM43m.

Group turnover in 1977 totalled DM589m., down on 1976's DM605m., but this was because the group deliberately held sales down in the less profitable sectors. The parent concern's sales fell back from DM537m. to DM516m.

MEDIUM TERM LOANS

Venezuela signs agreements for $1.2bn.

BY FRANCIS GHILES

VENEZUELA yesterday signed agreements for the loan of $1.2bn. raised on its behalf in the Eurocurrency markets by a group of international banks.

This is the fourth major syndicated bank loan raised for Venezuela since it implemented in late 1976 an overseas borrowing programme as part of its fifth national economic plan. The amount raised by these loans is $3.75bn.

Proceeds of the latest loan will be used during 1978 to finance part of the Republic's programme of investment in basic production sectors under the plan.

The loan, managed by Manufacturers Hanover Ltd., Swiss Bank Corporation and the Dai-Ichi Kangyo Bank, is for a 10-year maturity. The margin is fixed at an interest rate of ¾ per cent. over the cost of London Euro-dollar deposit interbank rates.

According to Dr. Luis Luongo, Venezuelan Finance Minister, who was in London for the signing, Venezuela plans further overseas borrowings of approximately $870m. for the balance of 1978. But he made it clear that an external borrowing by the state steel company, SIDOR, for an originally planned $500m., would now be much smaller.

The SIDOR borrowing, due towards the end of 1978, would probably be below $250m.

Comments made in New York by a senior vice president of Manufacturers Hanover, John McCartny, are interesting to recall, especially in the context of this loan to Venezuela. He said that although one or two borrowers may yet achieve a spread over the interbank rate of ¾ per cent., spreads had bottomed out.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	96	96½
AMEV 8pc 1987	96½	97½
Australia 8½pc 1992	94½	95¼
Australian M. and S. 9½pc 1992	97½	98
Barclays Bank 8½pc 1992	96½	97½
Bowater 9½pc 1992	96½	97½
Can. N. Rwy. 8½pc 1986	96½	97½
Credit National 8½pc 1986	95	95½
Denmark 8½pc 1984	99½	100
ECS 9pc 1995	95½	99
ECS 8½pc 1997	90½	97
EIB 8½pc 1992	95½	99
EMI 9½pc 1989	99	96½
Ericsson 8½pc 1989	95½	97
Esso 8pc 1986 Nov.	100½	101
Gt. Lakes Paper 8½pc 1984	99½	100
Hamersley 9½pc 1992	100½	101
Hydro-Quebec 9pc 1992	95½	96½
ICI 8½pc 1987	96½	97
ISE Canada 9½pc 1986	102½	103½
Macmillan Bloedel 9pc 1992	96½	97
Massey Ferguson 9½pc 1991	102½	103
Michelin 9½pc 1988	100½	101½
Midland Int. Fin. 8½pc 1992	96½	97½
Nat. Coal Board 8pc 1987	94½	95
Nat. Westminster 9pc 1986	101½	102½
Newfoundland 9pc 1989	99½	100½
Norges Komm. Bk. 8½pc '92	95½	96½
Norpipe 8½pc 1989	95½	96½
Norsk Hydro 8½pc 1992	95½	96½
Oslo 9pc 1988	100½	101
Ports Autonomes 9pc 1991	98½	99½
Prov. Quebec 9pc 1995	95½	96½
Prov. Saskatch. 8½pc 1986	99	99½
Reed. Inml. 9pc 1987	94½	95
RHM 9pc 1992	94½	95
Selection Trust 8½pc 1989	91½	92½
Skand. Enskilda 8pc 1991	95	95½
SKF 8pc 1987	92½	93½
Sweden (K'dom) 8½pc 1987	95½	96½
United Biscuits 9pc 1989	96½	99½
Volvo 8pc 1987 March	92½	93½
NOTES		
Australia 7½pc 1984	94½	95½
Bell Canada 7½pc 1987	94½	95
Brit. Columbia Hydro 7½pc 1985	94	94½
Can. Pac. 8½pc 1984	99	99½
Dow Chemical 8pc 1986	98	98½
ECS 7½pc 1982	96	96½
ECS 8½pc 1989	96	96½
EEC 7½pc 1982	97	97½
EEC 7½pc 1984	96½	97½
Enso Gutzeit 8½pc 1984	97	97½
Gotaverken 7½pc 1982	97½	98½

STRAIGHTS (continued)	Bid	Offer
Kockums 8pc 1983	95	95½
Michelin 8½pc 1983	99½	100½
Montreal Urban 8½pc 1981	99½	100½
New Brunswick 8pc 1984	96½	97½
New Bruns. Prov. 8½pc 1983	101½	102
New Zealand 8½pc 1986	97½	98
Nordic Inv. Bk. 7½pc 1984	95½	96
Norsk Hydro 7½pc 1982	97½	98
Norway 7½pc 1982	96½	97½
Ontario Hydro 8pc 1987	95	95½
Singer 8½pc 1982	100	100½
S. of Scot. Elec. 8½pc 1981	99½	100½
Sweden (K'dom) 7½pc 1982	97½	98
Swedish State Co. 7½pc 1982	96½	97
Telmex 9½pc 1984	[illegible]	99
Tenneco 7½pc 1987 May	93½	93½
Volkswagen 7½pc 1987	93½	94½
STERLING BONDS		
Courtaulds 9½pc 1989	96½	97
ECS 9½pc 1989	100	100½
EIB 9½pc 1988	99½	100
EIB 9½pc 1992	98	98½
Finance for Industrie 9½pc 1987	99½	100
Fisons 10½pc 1987	101	101½
Total Oil 9½pc 1984	99½	99
DM BONDS		
Austria 6½pc 1985	106½	107½
BFCE 7pc 1987	104½	105½
Denmark 6½pc 1989	107	107½
EIB 6½pc 1984	106	106½
Grand Met. 7pc 1984	101½	102½
Hydro-Quebec 6½pc 1987	101½	102½
ICI 6½pc 1987	103½	108
Montreal 7pc 1987	102½	103½
Norsea Gas 7pc 1989	107	107½
Norsk Hydro 6½pc 1989	104½	105½
Norway 5½pc 1982	104	104½
Shell 6½pc 1989	105	106½
Spain 6½pc 1984	101	101½
Sweden 6½pc 1984	104½	105½
World Bank 6½pc 1987	103½	104½
FLOATING RATE NOTES		
Bk. of Tokyo 1984 7 15/16pc	98½	99½
BFCE 1984 7pc	98½	99½
BNP 1983 7pc	99½	99½
CCF 1983 8pc	99½	99½
CGMF 1984 6 15/16pc	99½	99½
Creditanstalt 1984 7½pc	99½	99½
Credit Lyonnais 1982 6½pc	99½	99½
D.G. Bank 1982 7 15/16pc	99½	100½
GZB 1981 7½pc	100½	100½
Int. Westminster '84 7 15/16pc	99½	99½

STRAIGHTS (continued)	Bid	Offer
Lloyds 1983 7½pc	99½	100½
LTCB 1982 6½pc	99½	99½
Midland 1982 8pc	101½	102½
Midland 1987 7 13/16pc	99½	99½
OKB 1983 6½pc	99½	99½
SNCF 1985 6 13/16pc	98½	99½
Stand. & Chart. 1984 6½pc	98½	99½
Wms. and Glyns 1984 7pc	99	100
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	79½	81½
Ashland 5pc 1988	89	91
Babcock & Wilcox 6½pc '97	93½	94½
Beatrice Foods 4½pc 1992	94	96
Beatrice Foods 4½pc 1992	101	101
Beecham 6½pc 1992	97	98
Borden 5pc 1992	100	102
Broadway Hale 4½pc 1987	74	76
Carnation 4pc 1987	77	79
Chevron 5pc 1988	116½	118½
Dart 4½pc 1987	79	81
Eastman Kodak 4½pc 1988	81½	83½
Economic Labs 4½pc 1987	78	80
Firestone 5pc 1988	80	82
Ford 5pc 1988	81½	83½
General Electric 4½pc 1987	81	83
Gillette 4½pc 1987	77½	79½
Gould 5pc 1987	112	114
Gulf and Western 5pc 1988	78	80
Harris 5pc 1992	134	136
Honeywell 6pc 1986	94½	96½
ICI 6½pc 1992	85½	86½
INA 6pc 1997	93	94½
Inchcape 6½pc 1992	102½	103½
ITT 4½pc 1987	75½	77½
Jusco 6pc 1992	102½	105½
Komatsu 7½pc 1990	106½	107½
J. Ray McDermott 4½pc '87	148½	150½
Matsushita 6½pc 1990	120½	121½
Mitsui 7½pc 1990	105½	107½
J. P. Morgan 4½pc 1987	95	97
Nabisco 5½pc 1988	100½	102½
Owens Illinois 4½pc 1987	114½	116½
J. C. Penney 4½pc 1987	75½	77½
Revlon 4½pc 1987	107	109
Reynolds Metals 5pc 1988	84½	86½
Sandvik 6½pc 1988	105	106½
Sperry Rand 4½pc 1987	81½	82½
Squibb 4½pc 1987	77½	79½
Texaco 4½pc 1988	77½	79½
Toshiba 6½pc 1992	97½	98½
Union Carbide 4½pc 1982	91	93
Warner Lambert 4½pc 1987	79½	81½
Warner Lambert 4½pc 1988	77½	79½
Xerox 5pc 1988	77	78
Source: Kidder, Peabody Securities.		

The Property Market

BY JOHN BRENNAN

Bath—no central superstore

NEITHER Tesco nor Sainsbury's is likely to be setting up shop in Bath's Green Park Station. The battle to build superstores on the City Council's 3½-acre site is now set to turn into a race to sign up Gas Board land off Windsor Bridge Road on the City's fringe following publication yesterday of Drivers Jonas' Bath Shopping Survey.

The report, commissioned last summer by Bath City Council, argues that the development of *a major shopping complex on the* Green Park Station site would result in pressure for further development between the site and the traditional central shopping area. The case is made that further developments would distort the pattern of shopping in *the city affecting the viability of* shops in the traditional centre and "providing conditions for over-provision of shopping," and accentuate Bath's traffic problems.

Drivers Jonas recommend that the City reverts to its original proposals for a 250 bedroom hotel at Green Park, a view shared by the City's planning officials. It is understood that *a number of hotel groups are* now waiting to submit plans for the site once a decision on its use has been agreed.

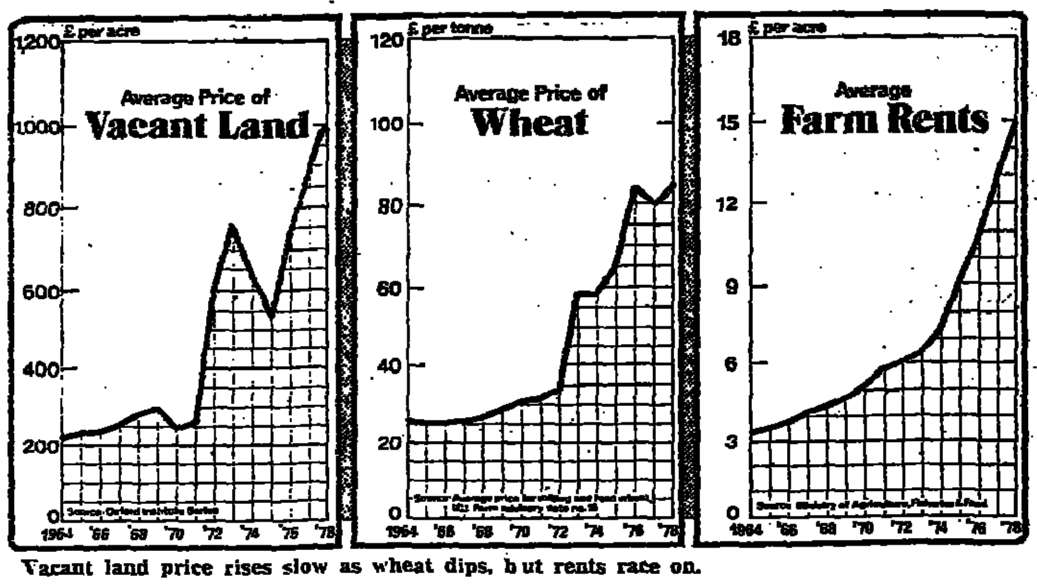
The City acquired Green Park, complete with listed Victorian station buildings, in the 1960's. Knight Frank and Rutley had *been marketing the site for hotel* use, despite Tesco and Sainbury's alternative plans, before the Council decided to commission the shopping survey.

As an alternative to new shopping in the City, the agents *suggest the development of a* District Shopping Centre on the City's fringe. A feasibility study of possible sites leaves the Gas Board's surplus land near Windsor Road Bridge *at the top* of the list. The Council officials are keen on this idea, provided the Council can establish landlord control.

As Tesco and Sainsbury's race around to the Gas Board. Tesco at least has not let the delay in Bath slow its expansion *programme.*

In a £4.5m. deal on Wednes*day the group agreed to pur*chase Debenham's "One Stop" superstore in Nottingham's Victoria Centre, the freehold of Debenham's store in Bradford, and its "Scan" superstore at Walkden, Manchester. At the *same time* the group announced that it had been chosen, out of 15 applicants, by Wokingham District Council to be the developer of Wokingham's town centre. *The £2.5m. scheme in*volves a 55,500 square feet store, 12,700 square feet of offices, a 300-car multi-storey car park and flats. Hillier Parker May and Rowden acted for the Berkshire council. Donaldsons advised Tesco.

Green Park Station, Bath, reverting to hotel plan.



Vacant land price rises slow as wheat dips, but rents race on.

Poor harvest for land prices

Institutional investment in farmland generates more nonsensical commentary than most City activities. There are those who feel that after an overdose of "The Archers" fund managers leap into the nearest farmland auction and over-bid their way into shooting rights for life.

Another, more political lobby feels that we are witnessing a City take-over of a basic industry, *with institutions pricing the* poor farmer from his heritage. This argument has little to commend it, and the Northfield Committee—set up to review *farmland ownership and to* identify both City and overseas buyers' roles in the market—is clearly moving towards a solid refutal of the thesis.

The Diamond report on income and wealth provided some strong hints about the eventual outcome of the Northfield Committee's *researches by underlining the* purchasing power of traditional freehold farmers.

Farmers as a class are, by City *standards*, so financially undergeared, and so keen to expand their farms, that they are able and willing to "average" land prices and out-bid everyone in sight when land becomes available on the borders of their exist*ing holdings.*

Preliminary evidence from the Committee shows *that financial* institutions owned just 384,450 acres *of* farmland last year out of a total of 43m. acres. The British Insurance Association *revealed that of all the major* insurance funds only 20 held agricultural land, and they owned just 270,000 acres, 0.61 per cent. of the national stock. Pension funds held 62,600 acres last year.

So little sense has been talked *about institutional farming that* it is refreshing to find an argument which assumed that fund managers take a slide-rule along to auctions.

George Inge, head of Savills's *agricultural investment side*, has been tossing a few agricultural and investment statistics around, and has come up with a straightforward yield formulae linking wheat and land prices.

Assuming that fund managers *have a clear view of yield* requirements, depending at any time upon alternative investment returns, Mr. Inge sees an increasingly close relationship between the price of wheat—the basic yardstick of farm returns—*and vacant land prices.*

This case is obscured in the 1960s by the effects of Estate Duty concessions to farmers, and later by "roll-over" provisions permitting farmers to sell land for building and to escape tax on *the sale profits by reinvestment* in farmland. By 1975, however, when the first significant institu*tional interest was shown in* vacant possession land, Mr. Inge's argument comes into its own.

By that stage expected returns from farmland had been underpinned by entry into the EEC, with an assumed 33 per cent. increase in crop prices from 1973 to 1978 under *harmonisation* rules bringing British prices into line with those on the Continent. Institutions who traditionally looked for an initial return of around 4½ to 5 per cent. on tenanted farmland started look*ing for working capital returns* as well. By farming their own land, or employing a farm management company on vacant possession land, the funds could *expect an additional* 3 to 4 per cent. over their rent yield.

That idea justified higher vacant land prices until 1976-77 when bumper world harvests depressed the international wheat price, and when British farmers, budgeting for a harvest of high grade milling wheat, reaped a heavy (but £10 a tonne less valuable) lower grade feed wheat crop. The effect of the *lower return crop was to cut* working capital profits from 3 to 4 per cent. to around 1¼ per cent. That cut brought vacant land returns close to tenanted *land yields for the first time in* many years. Yields of 3¼ per cent. for tenanted land now compare to vacant land returns down to around 4½ per cent.

The narrowed yield gap may limit the pace of further vacant land price rises this year. Even if the Germans eventually permit the 7½ per cent. Green Pound devaluation, an increase in wheat prices further boosted by the *Government's 2 per cent. com*modity price adjustment, farmers still are only budgeting for a 10 to 15 per cent. increase in crop income this year.

The erosion of the yield advantage on vacant, as opposed to tenanted land, gives yield-conscious buyers little justification for accepting a further *significant surge* in vacant land prices this year. To maintain the current differential between vacant and tenanted land, prices of Grades 2 and 3 land, representing 12 and 52 per cent. of the land stock respectively, would *have to rise by only the* 10 to 15 per cent. projected increase *in crop returns.* Any faster price increase would further clip working capital returns on vacant land. The continued disparity in EEC farm prices (British milling wheat sells *for around* £80 a tonne compared to £129 in Belgium) underpins farmland prices in the long term. But Mr. Inge believes that 1978 may see a temporary slowdown in the pace of price increases unless the simple pressure to invest forces funds to lower their yield requirements.

The Inge theory does not apply to Grade 1 land. Only 3 per cent. of Britain's farmland falls into this top category, and both institutions and traditional farmers show every sign of bidding well beyond the current £2,000-plus an acre on the rare occasions that this quality of land comes on to the market.

●

FEW sections of the corporate sector can have their accounting practices dictated so much by taxation considerations as property companies writes Michael Lafferty. *Ever since the decision in the Chancery Lane case back in 1966, every accounting firm has had its own pet way of advising property clients how best to transfer development interest back into the balance sheet. But now the situation has become confused as some tax inspectors seek to refuse relief on development interest as a result of the precedent set in the recent Lords case of Fitzleet Estates. Property analysts may care to note that assessments currently under consideration relate to periods both before and after Chancery Lane.*

Property Deals appears on page 26.

INDUSTRIAL AND BUSINESS PROPERTY

INDUSTRIAL & BUSINESS PROPERTIES ALSO APPEAR TODAY ON PAGE 20

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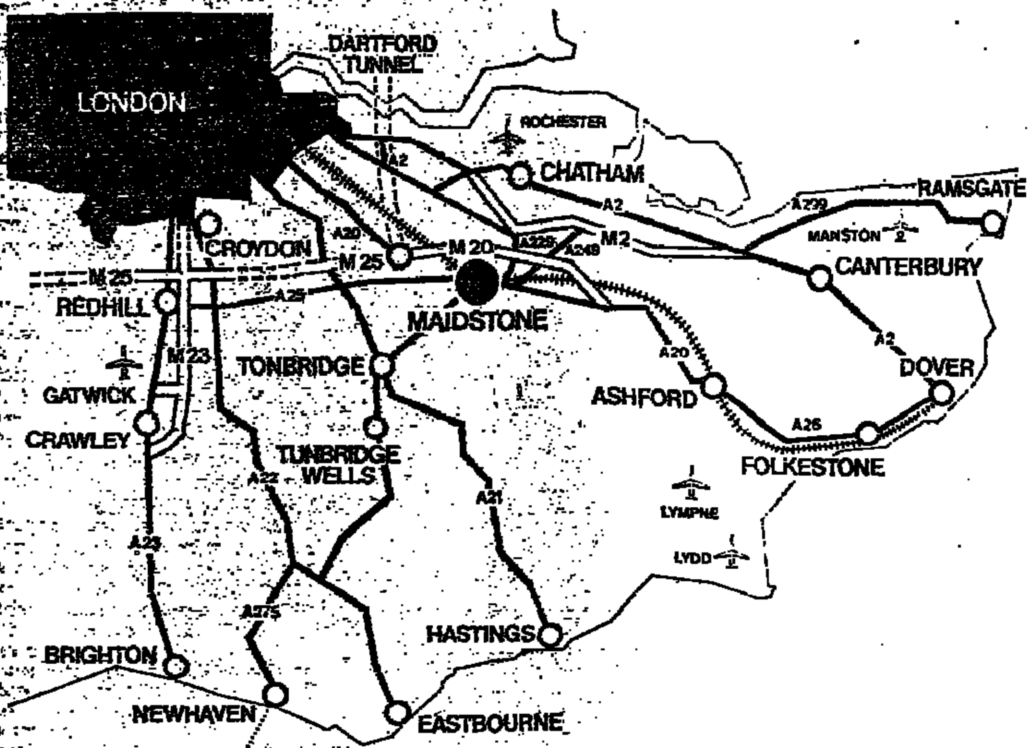

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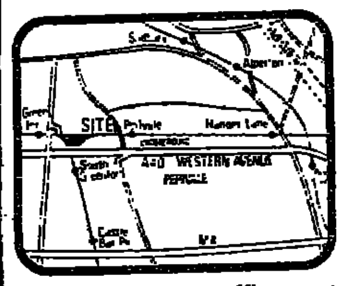

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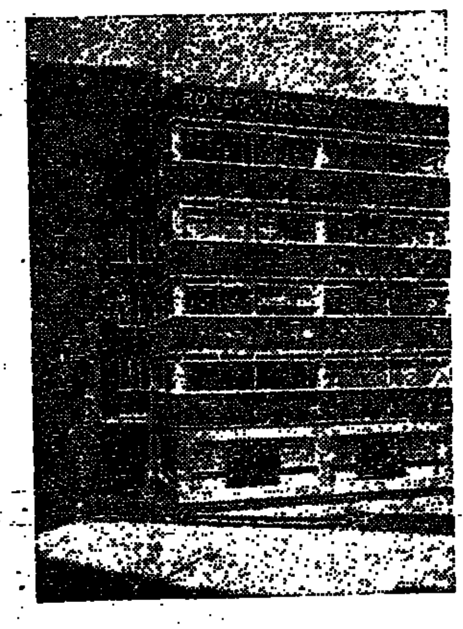

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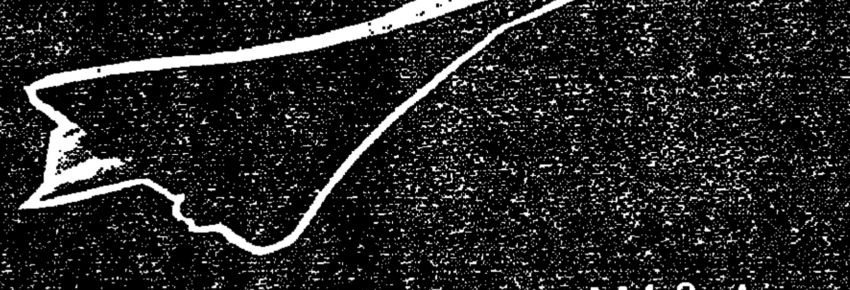

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PROPERTY DEALS

Signs of life in Cannon Street

CANNON STREET, EC4, has been a jungle of "To Let" boards for the past three years. But a little recent letting interest helps to relieve the gloom.

One of the largest new lettings on the horizon is the 81,000 square foot Cannon Street House development at 110 to 114 Cannon Street. Debenham Tewson and Chinnocks are sole agents for Land Securities, which acquired the site with the takeover of City of London Real Property in 1969. Midland Bank, advised by Healey and Baker, is negotiating for the space, although possibly not at the £1.3m. asking rent, which is just over £16 a square foot.

Following the recent letting by Savills of the Singapore Government's 36,000 square foot Granite House to the Arab Consortium Bank, comes the rumour that the agents have a pre-letting for the 13,015 square foot 67 Cannon Street.

Further along the street Trafalgar House's lattice framed 41,000 square foot Bush Lane House at 80 Cannon Street, which has been unable to offer ground-floor space because of continuing work on the new Fleet Line tube, is finally attracting interest. Hampton and Sons, jointly with Debenhams, are negotiating with a tenant on three of the block's 4,689 square foot floors. Asking rents of around £14.50 a square foot may not be achieved. But Hampton may not undershoot the £14 a square foot mark by much.

Hamptons, this time along with the new agency Richard Main and Co. are adding to, as well as reducing available space in the street.

This week the agents launched the 28,164 sq. foot Consort House at 48 to 50 Cannon Street onto the market. A £415,000 asking rent for Guardian Royal Exchange and Compass Securities' new scheme works out at a rather hopeful £14.75 a sq. foot.

●

A RECORD £90,000 an acre has been paid for West Midlands housebuilding land. In a £325,000 deal this week Midlands builders David Payne bought 3.66 acres of land, with permission for 39 houses, from Dudley's Education Authority. Allsops, who auctioned the Kingswingford site, took the opportunity to point out that the hectic bidding was a delayed reaction to the Community Land Act which the agents argue has kept land off the market and forced builders to bid high to replenish depleted land stocks.

A buyers' market helps shares

STOCKBROKER Rowe and Pitman, Hurst-Brown takes a strongly optimistic view of the outlook for property shares in 1978. In its annual review of the sector R and P argues that last year's sharp fall in interest rates will begin to be reflected in company profits over the next few months, and that the impact of rate cuts will be accentuated by the degearing programmes that have reduced the sector's overall debt for the first time in many years. Total sector borrowings rose from £955m. in 1969 to a peak of £3,345m. in 1976. The broker's estimate for 1977 is a total debt of £2,600m., 34.1 per cent. of which is short-term.

Corporate property sales fell from 1976's £900m. to around £520m. last year. This parallels a decline in institutional property purchases, from £1,050m in 1976 to the broker's estimate of £850m. in 1977. R and P estimates that the institutions will have around £7,500m. to invest this year, an increase of £640m., but that the growing shortage of institutional quality investment properties on the market will mean a further drop in the proportion of investable funds channelled into commercial buildings. Net new funds available for investment have more than doubled from the £2,930m on hand in 1973. But the percentage of funds invested in real property has dropped from a 1974 peak of 21.6 per cent., to an estimated 12.4 per cent. in 1977.

Even so, institutional demand has drawn out properties from companies outside the sector, such as Rank's £28m. sale, and made possible sale and lease-back financing for industrial and stores groups. And R and P believe that the sheer weight of investable funds will keep prime yields at levels which already heavily discount foreseeable rent rises.

Historically lengthy rent reviews on long established portfolios mean that many companies are now entering a period of strong reversionary rental growth. R and P states the projected annual compound pre-tax profits growth implied by rental projections from Land Securities (8½ per cent. for the next ten years); Imry (16¼ per cent.); Scottish Metropolitan (15½); Beaumont (15½); Allnatt (10½), and Property and Reversionary (10½). Those figures assume no more than a rise to current rent levels.

Reversions, reduced vulnerability to short term interest rate movements and the possibility of bids by asset hungry institutions, make R and P bullish about the sector. It specifically recommends Capital and Counties, Chesterfield, Hammerson, Land Securities, Property and Reversionary, Stock Conversion, and as a speculation, British Land.

J.B.

INTERNATIONAL PROPERTY

INDUSTRIAL AND BUSINESS PROPERTY ALSO APPEARS TODAY ON PAGE 20

FARMING AND RAW MATERIALS

More aid to stricken farmers

FOR farmers whose land was flooded by seawater in last month's storms was announced yesterday by Mr. John Silkin, Minister of Agriculture. He said he would seek Parliamentary approval for grants to meet the cost of rehabilitating land damaged by flooding.

The worst hit areas included Kent, where 7,000 acres were flooded and 2,000 sheep, many pregnant, were drowned.

Mr. Silkin said although some assistance was already available to farmers he had decided additional help should be given to restore land to productive use. The Minister added that he had earlier pointed out that some aid would be available under existing capital grant schemes and reminded farmers that they could also be eligible for tax relief where they had suffered financial losses.

The Anglian and Southern Water Authorities have repaired most of the breaches in the sea defences.

There is every prospect that repair work on the remainder will be completed to a sufficient standard before high spring tides which are due next week," Mr. Silkin said.

Interest rate futures talks

By Our Commodities Staff

THE POSSIBILITY of a futures market in interest rates being established in London was promoted yesterday by Mr. Ian McGaw, joint managing-director of the International Commodity Clearing House. He told a seminar on investing in commodities, organised by Chart Analysis, that discussions were at an early stage but financial institutions in London were showing interest in the idea.

Mr. McGaw added later that talks were held with discount houses and leading banks in the London money market on which financial instruments would be most suitable for a futures market.

JAPAN IS TOP FISHING NATION

Japan retained its place as the world's top fishing nation in 1976 with a catch of 10,455,000 tonnes, the Japanese fishery agency said in Tokyo.

Japan's haul—90,000 tonnes short of the previous year's level—accounts for one-tenth of the world's total catch of 73,467,000 tonnes, reports Reuter. Second was the Soviet Union with 10,134,000 tonnes.

'Green £' delay will bring butter flood to Britain

BY CHRISTOPHER PARKES

THE INDEFINITE delay in the application of the devaluation of the "green pound" to dairy products will lead to a further flood of butter and cheese into Britain from Ireland and Continental Europe, the Milk Marketing Board claimed yesterday.

"The market will be gravely out of balance for many months to come, prices will be depressed, and U.K. producers will suffer financially," said Mr. Steve Roberts, chairman of the Board.

He described as "baffling" the decision in Brussels earlier this week to defer the devaluation on milk and milk products until after the settlement of the annual farm price review.

Although the Common Market Commission usually aims to have the prices settled in time for implementation from April 1, this year there are fears that the intervening French elections could cause abnormal delays. Mr. John Silkin, Minister of Agriculture, has already said that he does not expect the traditional deadline to be met.

Thus, French, West German, Irish, Dutch and other EEC exporters of butter and cheese will have at least two months to ship to Britain dairy produce at the current high rates of monetary compensatory amount (MCA) subsidy.

And, the Board fears, they can be counted on to ship and store as much as possible before the devaluation results in a reduction in these subsidies. When the change takes place the subsidies could fall by about £30 a tonne from the current rate of around £400.

In the second half of last year, anticipating the loss on January 1 of the remaining transitional compensatory amount on butter—special subsidies paid during the first five years of Britain's EEC membership—these suppliers stockpiled huge tonnages at "old prices" in British warehouses.

Their main aim was to have ample cheap stocks on hand to enable them to carry on the retail price cutting war which has been raging in the U.K. for the past few years.

With butter consumption still hovering around 400,000 tonnes a year, Britain is the most important export market inside a Community which consistently produces 7 to 10 per cent. more butter than it needs. The U.K. dairy industry last year produced 120,000 tonnes of butter, compared with 90,000 tonnes in 1976, the year of the drought.

Even the most modest estimates suggest that at the turn of the year there were 200,000 tonnes of butter held in private and public cold stores up and down the country, enough for six months or more.

"It really is intolerable that people should play ducks and drakes with our industry in this way," Mr. Roberts added. "HM Government has at last recognised the serious distortions and inequalities that are caused by the 'green pound,' but a devaluation handled in this way is actually going to make matters worse."

Each subsidy reduction or increase in the price of butter in Britain over the past five years has been preceded by a burst of imports from elsewhere in the Common Market. In December last year, for example, members of the Community shipped 29,000 tonnes to the U.K. compared with 13,000 tonnes in December, 1976.

● COPA, the Community farmers' association, announced in Brussels yesterday that the impending devaluations of the "green pound," "green lira" and "green French franc" did not affect its demand for a 5 per cent. increase in farm prices.

U.S. doubts on coffee pact

BY OUR COMMODITIES STAFF

THE WISDOM of continued U.S. membership of the International Coffee Organisation was questioned yesterday by Mr. Lee Richardson, director of the U.S. Office of Consumer Affairs. Mr. Richardson told the U.S. National Coffee Association convention in Boca Raton, Florida, that the U.S. should not be party to any agreement that helps maintain prices above economically logical levels.

He said State Department reports showed the Brazilian coffee harvest should be near normal this year and that prices should decline. He was concerned, however, over recent reports of "market manipulation by coffee producing nations."

Mr Richardson hoped that Commodity Futures Trading Commission investigations of these allegations would "uncover and put a stop to any illegal coffee price manipulation on the American commodity exchanges." But he said the reports raised questions of whether the International Agreement is being complied with and whether it is in the consumer interest to continue U.S. participation in the agreement.

Sr. Camillo Calazans, president of the Brazilian Coffee Institute, told Reuters, meanwhile, that Brazil was substantially satisfied with its coffee marketing strategy and planned no changes in the coming months.

He said he was not disappointed with the pace of current sales. There had been 500,000 bags of coffee (each 60 kilos) sold so far for January-February shipment, within the Institute's ceiling of 800,000 bags a month. The ceiling had been imposed because of Brazil's limited supplies, he added.

Sugar market lower

BY OUR OWN CORRESPONDENT

SUGAR PRICES fell on the London futures market again yesterday as dealers failed to confirm recent reports of Russian and Chinese buying. The May position moved up to £124.45 a tonne in early trading but later fell to end the day £1.875 lower on balance at £121.45 a tonne.

Market sources said the decline may have been influenced by the latest estimate of the European sugar supply/demand balance by statistician F. O. Licht which puts final stocks for the 1977-78 season at 7,227,000 tonnes against 6,679,000 tonnes in 1976-77.

A further factor encouraging the fall was a forecast by the U.S. Department of Agriculture of a sharp decline in U.S. sugar imports this year.

Included in the USDA report was a forecast that high fructose maize syrup shipments will total 1.2m-1.3m. short tons in 1978 about 250,000 tons more than last year. This followed a prediction by Mr. Bob Bergland, U.S. Agriculture Secretary, that this industry will be able to produce enough sweetner to replace 40-60 per cent. of U.S. sugar needs. He told the House agriculture committee that it could be producing about 2m. tonnes annually within a few years.

Preussag may cut zinc price

By John Edwards

A WARNING of a possible cut in the European zinc producer price from its present level of $600 a tonne was issued by Preussag, a leading West German smelter, Reuter reported from Hanover last night. The company also warned that it may have to extend short-time working.

There were two cuts in the European producer price last year from $795 to $700 and then down to $600 in November. But a continued surplus of supplies against poor demand has brought a further spate of discounting—up to 10 per cent.—on the official price which is now forecast to fall to $550.

Further competitive pressure on the producer price, on which the bulk of direct sales by producers to consumers is based, is coming from the marginal zinc market in the London Metal Exchange.

Values there are close to the lowest level for four-and-a-half years. Cash zinc, which fell back yesterday by £3.5 to £246 a tonne, is equivalent at the present dollar/sterling exchange rate to below £480.

In New York the Commodity Exchange has announced the brands of zinc deliverable against its new zinc contract, which is due to start trading next week. It will cover 60,000 lb. lots of Special High Grade (SHG), and High Grade (HG) at a half cent discount.

Yesterday's decline in zinc on the Metal Exchange was part of a general fall in base metals.

Copper cash wirebars hit a new two-year low losing £7.75 to £620 a tonne and cash lead closed £4.75 down at £307, on renewed selling.

Cheaper eggs next week

By Richard Mooney

EGGS SHOULD BE cheaper in most supermarkets next week following the announcement yesterday of 4p a dozen wholesale price cuts for the main grades. Grade two (roughly equivalent to the pre-metric large size) should come down to 59p or 60p a dozen and grade four (standard) to around 49p.

Announcing the price cuts—the first since egg grading went metric on November 14—the Goldenlay egg marketing consortium said they were mainly due to instability on the Continental market which had led to moderate U.K. imports of French eggs.

He said the post-Christmas period was often a time of depressed prices on the egg market but that U.K. demand had been standing up quite well this year.

CARCASE QUALITY

Jacques Sprat will eat no fat . . .

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

HAVING BEEN brought up in the traditional school of farming, I learnt the way of deciding when a lamb was fit for the butcher by eye and by touch. A lamb should, so my mentor used to tell me, be firm on the loin, not too sharp between the shoulder blades, and there should be a crack on the rump running down the backbone to the tail. This crack is, in reality, a channel in the mass of fat which forms in this area.

These standards operated from the time of the first 18th century improvers right up until the present day. I myself have bought and sold thousands of sheep by them.

But this is changing. The old standards were really based on the fat which the animals put on as they became mature and stopped growing muscle or lean. To-day no one really wants fat. Not only is it said to kill one with heart disease, but it can be bought much more cheaply as margarine or butter, instead of being attached to steaks and roasts.

Little headway

Butchers have been wittering about it for years. But while there has been some considerable success in reducing the amount of fat on pig carcases, they have, until recently, made little headway with sheep and cattle. This is mainly because 90 per cent. of pigs are sold directly to abattoirs, and subject to grading, while no more than about a third of cattle and sheep are sold in this way. The remainder are traded in the live auctions where neither the buyer nor the seller really knows what goes on under the skin.

This situation does appear to be changing at last. Exporters of lamb in particular have been complaining about overfat carcases for some months now. But farmers with a good trade in the markets have taken little notice, and the exporters have had to purchase their supplies alive, grade them, export the lean meat to France and sell the rest at home.

The situation has been aggravated this autumn with stocks of fodder at an all-time high. Farmers have been keeping their lambs to make them heavier, rather than selling them at the lighter weights. They haven't felt the need to sell them, because there has been no differentiation between fat and lean lambs. In fact leaner lambs weigh out less after killing than do the fat ones, and the differences in price do not as yet compensate for this.

But this could well change. The Irish have been able to secure duty-free entry into France for all their lambs, and farmers in Ireland had been looking forward to a bonanza. But to the chagrin of many who had been holding on to lambs in the expectation of the boom, the exporters have been very selective. The French will buy only lean lambs, and these are making about 80p a pound under the new dispensation while the over-fat animals are having to be sold for 60p or less. The difference in price is not nearly as marked here, but there is probably a spread of at least 10p a pound at the carcase stage between the lean and the fat.

Even on live markets the heavy lambs, say, of 50 lb deadweight, would make little more than a 40 lb. animal. One of these days farmers will get the message. But it is far from being a simple matter of just feeding the lambs less or selling them at lighter weights.

The problem is that the breeding of both cattle and sheep has been based on the standards described above for many generations. They produce overfat carcases because genetically they can do no other. They also produce, when fat, great quantities of kidney fat which are impossible to assess in the live animals. Also, because of the bias towards fat, the amount of lean produced has not been really adequate. Many of our breeds when in non-fat condition have very little lean meat either.

Recognised

The Europeans, particularly the French, have had a different approach. I have watched French butchers trimming every morsel of fat off their cuts. They don't want to buy fat to lose in this way. Their cattle and their sheep do appear to produce good heavy lean carcases without much spare fat. This has, of course, been recognised and the influence of the importations into Britain of Charolais and other European cattle has been very marked.

So far, sheep imports have been neglected except for a few pioneers. But French breeders seem to have developed sheep with much the same characteristics as their cattle, combining size and flesh rather than fat carcases. Even when they are using the British breeds they do seem to have bred the excess fat-producing tendency out of them.

EEC acts on lamb and potato cases

BY MARGARET VAN HATTEM

BRUSSELS, Feb. 2.

THE EUROPEAN COMMISSION has given the British and French Governments one month to justify their import controls on potatoes and lamb. Should they fail to satisfy the Commission, it could, after a final warning, refer the cases to the European court of justice.

The lamb issue, taken up in response to a British complaint, concerns the French system of variable levies on imports. Britain protested after France waived the levy on Irish imports, estimated at 6,000 tonnes for this year. Last year the U.K. exported 18,000 tonnes of lamb and British farmers believe the Irish deal will cut into this.

Ireland does not produce enough lamb for export to threaten the French market. But Britain has access to New Zealand lamb for the U.K. domestic market. This raises the prospect of unlimited supplies flooding into France, which explains why the French Government continues to impose a levy.

The Commission had hoped to let the matter slide until after the French general election in March, and the negotiation at the annual farm price review.

It may still do so, unless Britain, goaded by furious sheep-farmers, applies much stronger pressure than it has felt necessary so far. But this is considered unlikely because of the potatoes issue.

The Dutch are challenging the British claim that, in the absence of a Community regime, the U.K. Potato Marketing Board should be allowed to continue monopoly control of the U.K. market. Their complaint, now taken up by the Commission, is that the British ban on potato imports is illegal.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COFFEE

SOYABEAN MEAL

SUGAR

RUBBER

SILVER

GRAINS

WOOL FUTURES

COCOA

JUTE

MEAT/VEGETABLES

English produce: Potatoes—Per 56-lb. Whites Reds 1.00-1.30. Lettuce—Per 12. Indoor 1.20-1.60. Cabbage—Per ½-bag Primo 0.60. Beetroots—Per 28-lb 0.70-0.80. Carrots—Per bag 28-lb 0.40-0.80. Onions—Per 56-lb 0.90-1.20. Celery—Naked 12s 1.00. Swedes—Per bag. Devon 0.40-0.45. Apples—Per pound. Cox's 0.16-0.25. Bramleys 0.11-0.16. Spartans 0.12-0.14. Pears—Per pound. Conference 0.09-0.14. Comice 0.12-0.14. Sprouts—Per pound 0.05. Parsnips—Per 28-lb 0.80-1.00. Turnips—Per 28-lb 0.60-0.80. Rhubarb—Per pound 0.20.

★

GRIMSBY FISH—Supply poor and demand good. Prices per stone at ship's side, unprocessed: Shelf cod £4.20-£4.80; codlings £3.90-£4.30; large haddock £4.90-£5.00; medium haddock £3.90-£4.30; small haddock £3.00-£3.70; large plaice £4.20; medium plaice £3.40-£4.30; best small plaice £2.80-£3.30; skinned dogfish (large) £9.00; (medium) £8.30; lemon soles £5.00-£9.00.

Cyprus reduces potato crop

By Our Own Correspondent

NICOSIA, Feb. 2.

THE EARLY potato crop in Cyprus this year is being reduced by 30 per cent. because of surpluses in European countries.

Mr. Andreas Savvides, general manager of the Cyprus Potato Market Board said the board plans to export 125,000 tonnes this spring, against 175,000 tonnes last year.

Mr. Savvides also warned Cypriot producers that they should not expect to receive the high prices they were paid last year. Because of over-production in Europe, potato prices were low.

Mr Savvides said because of a good crop in the U.K.—the traditional outlet for Cypriot potatoes—and new tariffs imposed on Cyprus farm exports to EEC countries, the future of Cyprus potato exports was "bleak."

PRICE CHANGES

Prices per tonne unless otherwise stated.

Nominal. ‡ Unquoted. u Seller's quotation. c Cents a pound. v Ex-tank London. Hull. p Jan.-Feb. q April. s Feb.-March. t March-April. u Feb.-April. w March. z May. x Per ton.

★

FINANCIAL TIMES

Feb. 2	Feb. 1	Month ago	Year ago
226.41	226.51	234.37	262.96

(Base: July 1 1952=100)

REUTER'S

Feb. 2	Feb. 1	Month ago	Year ago
1397.8	1399.8	1419.3	1618.7

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Feb. 2	Feb. 1	Month ago	Year ago
Spot	348.70	347.66	344.47	394.38
Future	331.84	330.65	336.63	387.94

(Average 1924-25-26=100)

MOODY'S

Moody's	Feb. 2	Feb. 1	Month ago	Year ago
Spie Commty	900.9	902.7	884.1	856.8

(December 31, 1931=100)

COTTON—Liverpool. Spot and shipment sales amounted to 495 tonnes bringing the total for the week to 2,547 tonnes reports F. W. Tattersalls. Further interest was shown in numerous American-type styles including Middle Eastern and Africans. The call for North and South American growths was also maintained.

★

HIDES—Manchester. Steady. Ox 31-35 kilos 42.5p per kilo. 26-30 kilos 50p. 22-25 kilos 59.5p. Light cows withdrawn 55p per kilo. No calf offered.

U.S. Markets

Metals and sugar fall: coffee firm

NEW YORK, Feb. 2.

STOCK EXCHANGE REPORT

Equities near bottom of nine-week trading range

Index at lowest since November with drop of 9.3 at 460.5

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 16	Jan. 26	Jan. 27	Feb. 7
Jan. 30	Feb. 9	Feb. 10	Feb. 21
Feb. 13	Feb. 23	Feb. 24	Mar. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Widespread dullness characterised stock markets from the start yesterday with ominous noises from the pay front the main depressant. The technical nature of the previous day's attempted rally became quite evident in the absence of any follow-through support for either British Funds or leading equities. The latter moved progressively lower throughout the day and the FT Industrial Ordinary share index dropped 9.3 to close at 460.5

The index is now 16 per cent. off the last September's all-time high of 549.2 and is near the bottom of the range traded over the past nine weeks which is the 456.6 recorded on November 24. The final tone yesterday was still very soft following reports that the power workers and the miners *had rejected offers made to them.*

British Funds were also unsettled by adverse comments on the technical state of the market and on doubts about the Government's ability to control the growth of money supply. The Government Securities index, at 75.65, all but lost Wednesday's gain of 0.49.

No quotable rise emerged in the FT-Actuaries equity indices and the All-share gave up 1½ per cent. to 201.46. Still showing signs of the High Street price competition, the Food Retailing and Stores sub-sections fell 1.9 and 2.5 per cent. respectively.

Overall, falls in FT-quoted equities were in a nine-to-four majority over rises, and the *resumption of the downtrend in* prices was accompanied by an increase in business as mirrored in official markings which rose to 6,122 compared with 5,019 on *Wednesday when the market was* trying to rally.

Gilts overcome

The absence of any favourable developments in this week's diary of wage negotiations put paid to a continuation of Wednesday's technical recovery in British Funds. Doubts were also being *expressed about the U.K. economic* outlook and the authorities' handling of monetary control, factors which induced operators to cut their commitments and *accept lower prices. The net* result was that all the previous day's improvement was surrendered when the longer maturities closed with falls to ¾ and *the shorts losses to ⅜.* Last month's increase in U.K. official reserves afforded no relief for the market which eased a shade more in inter-office trading fol*lowing the powerworkers' threat* of possible industrial action because yesterday's pay offer provided no basis for continued negotiations. Corporations were *occasionally* lower apart from selected LCC issues, which were often a ¼ better. **Southern Rhodesian** bonds edged forward again in idle dealings.

In a market almost bereft of sellers, persistent small buying of investment currency needed for the purpose of investment in U.S. securities lifted the premium to 77¼ per cent. *before a final slight* easing to 77 per cent.; this represented a rise of 2¼ points on the overnight rate. Yesterday's SE conversion factor was 0.7543 (0.7670).

Royal Ins. rumours

Widespread publicity given to **Sun Alliance's** clash with the Government over the former's recent pay award and rumours of an impending rights issue from **Royal** completely upset sentiment in Composite Insurances and prices closed lower throughout. Sun Alliance touched 526p before closing a net 15 cheaper on the day at 529p, while Royal were sold down to 372p before finishing 15 *off at 378p; however, the latter* poured cold water on the talk and stated that no major funding operation was planned. **General Accident** gave up 8 to 214p, after 210p, as did **Guardian Royal Exchange** to 226p, after 222p, and **Phoenix** to 248p. **Commercial Union** receded 5 to 138p, after 137p, and **Eagle Star** shed 4 to 149p; on the day, the FT-Actuaries sector index shed 3.1 per cent. to 125.02.

The major clearing Banks eased with the general trend. **Lloyds** cheapened 6 to 257p and **Barclays** 5 to 312p. **Midland** new nil-paid shares lost 3 to 12p premium, after 11p premium, while the old also ended 3 off at 349p. Elsewhere, **Sterling Credit** hardened 1½ to 46½p in response to the proposed two-for-five scrip-issue.

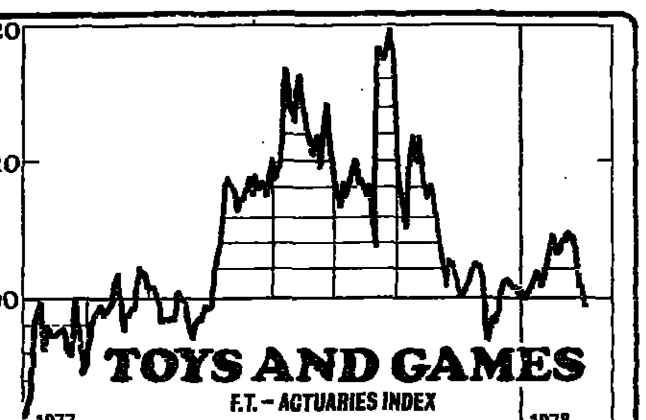
Breweries drifted slightly lower in idle trading. **Scottish and Newcastle** eased 1½ to 66½p, while **Bass Charrington**, 158p, and **Whitbread "A,"** 84½p, shed 2 apiece. Distilleries were rarely worthy of mention apart from **Highland**, which improved to 158p on occasional speculative interest before closing a net penny better at 156p. **Irish** were raised 10 to 123p in a thin market following the Eire budget, but **A. Guinness** were *finally unchanged at 178p, after* 181p.

Still affected by a recent chart sell recommendation, **AP Cement** lost 6 more to 234p, for a decline *so far this week of 21; Tunnel B* again recorded a sympathetic fall, closing 7 down at 255p. Elsewhere in dull Buildings, **Taylor Woodrow** receded 8 to 382p and **H. and R. Johnson-Richards Tiles** fell 7 to 321p as did **Marchwiel** to 238p. **BPB Industries** cheapened 5 to 234p. **John Mowlem** relinquished 4 to 121p and **London Brick** were *2½ lower at 64½p. By way of* contrast, **Cement Roadstone**, 125p, and **Concrete (Ireland)**, 120p, rose 3 and 15 respectively in response to the Eire budget.

Easier conditions returned to **ICI** which drifted 4 lower to 338p. **William Ransom**, on the other hand, moved up 5 to 155p; the interim results are due next *Thursday.*

Stores dull

Leading Stores closed at the *day's lowest. Persistent small* offerings in an unwilling market left **Gussies "A"** 8 lower at 276p, **Mothercare** 6 cheaper at 170p and **W. H. Smith** similarly easier at 145p. **Marks and Spencer** shed 4 to 138p and **Burton "A"** declined 3 to 118p as did **UDS** to 89p. **House of Fraser** were 3 off at 135p following news of the sale *of its Television rental interests* to Rediffusion. Secondary issues, however, were firmer in places with **Cope Sportswear** particularly notable for a jump of 10 to *85p, after 88p, on a split country* order. **Hardy and Co. (Furnishers)** hardened a penny to 33p in front of to-day's first-half results.



Electrical leaders encountered renewed selling, in particular, **GEC** which gave up 8 at 254p. **EMI** eased 4 to 178p and **Thorn** were similarly lower at 334p, while **Plessey**, *at 89p, gave up the* previous day's rise of 2 following Press comment on the third-quarter results. Elsewhere, **Racal** cheapened 4 to 204p and falls of 3 were sustained by **AB Electronic**, 101p, and **Farnell**, 204p. **H. Wigfall** met with profit-taking and lost 6 to 262p, while bidders, **Comet Radiovision** *eased 2 to 102p, valuing the offer* for Wigfall at nearly 241p per share.

Hawker Siddeley, down 8 at 178p, and **Tube Investments**, 6 cheaper at 386p, succumbed to sporadic offerings, but other leading Engineers held up reasonably well. **GKN**, 272p, and **Vickers**, 184p, were only 3 cheaper, while **J. Brown** *ended a penny off at* 283p, after 280p. Among secondary issues, **Hill and Smith** responded to the annual results and proposed scrip issue with a gain of 2 to 40p, while **Whessoe** hardened a penny to 94p following favourable Press mention. **WGI** were noteworthy again for a rise of 7 to 94p on continued bid speculation. *In contrast, falls of around 5 were* sustained by **Ratcliffe Industries**, 63p, **Renold**, 126p, and **Simon**, 188p. **Tecalemit** were also sold and eased 2½ to 107p.

Still reflecting the chairman of International Stores' warning on profit margins, Food retailers took a fresh turn for the worse. **Hillards** again featured with a *fall of 20 to 165p for a two-day* loss of 30 since the disappointing interim statement. **Wheatsheaf Distribution** fell 7 to 128p, while **William Morrison**, 170p, and **Nurdin and Peacock**, 89p, lost 5 apiece. **J. Sainsbury** eased 3 to 170p, **Bejam** 5 to 63p and **William Low** 2 to 106p. **Tesco**, however, closed without alteration at 39½p, *sentiment being helped by the* managing director's comments on prospects. Elsewhere, **Associated Fisheries** fell 8 to 55p on the profits warning which accom*panied the preliminary figures.* Other casualties in the Food sector included **Northern Foods**, 4 off at 111p, and **Bluebird Confectionery**, 7 cheaper at 160p.

Among Hotels and Caterers **Grand Metropolitan** eased only 2½ to 96½p but **Ladbroke** declined 12 to 184p.

Boots down

Miscellaneous industrial leaders closed dull, although slightly above the worst in places. **Boots**, however, ended 8 easier at the *day's lowest of 197p, with senti*ment affected still by the prospect of new Government regulations on medicine dispensing. **Beecham**, 617p, and **Glaxo**, 558p, recorded sympathetic falls of 13 and 10 respectively. Adverse comment on the third-quarter figures continued to weigh on **Reed International**, which softened 2 more to 128p. Secondary issues were mixed with **Coral Leisure** 5 down at 118p and **Hays Wharf** 4 cheaper at 140p. Investment comment prompted improvements of 2 and 5 respectively in **Compton Sons and Webb**, 27p, and **Caravans International**, 85p, while fresh speculative support lifted **Zetters** 4 to 55p. Drawing benefit again from the good interim figures, **Centreway Holdings** rose 7 more to 192p. Details of the proposed merger left **Provincial Laundries** ¼ harder at 7¾p but **D. M. Lancaster** ⅜ cheaper at 4⅞p.

British Leyland rose 5 to 25p on small buying in a thin market in response to Mr. Edwardes' survival plan for the company. *Dowty, at 181p, gave up half of* the previous day's gain of 6 which followed news of the large Austrian order for electro-hydraulic servo equipment. **Turner** *Manufacturing were notably dull* at 113p, down 6, on the profits warning contained in the chairman's statement. **Wilmot-Breeden** eased 1½ to 62½p and **Caffyns** 2 to 101p.

North Sea oil-orientated stocks among Newspapers failed to escape the malaise. **Thomson** touched 610p before closing 7 lower at 618p, while **Daily Mail A** declined 6 to 312p and **Associated** 3 to 154p. Elsewhere, **News International** slipped 6 to 263p and **Wilson Bros.**, at 42½p, gave back 2½ of the previous day's gain of 4½. Among Paper/Printings, *Melody Mills found support at* 73p, up 5; the interim report is expected shortly.

The Oil leaders drifted lower *on occasional offerings and the* absence of buying interest. **British Petroleum** eased 6 to 776p, while **Shell** gave up another 4 at 486p. **Royal Dutch**, however, contrasted *with a gain of ¼ to £37⅜ on dollar* premium influences. Secondary issues fared little better than the leaders. **Oil Exploration** fluctuated narrowly before closing unaltered *at 230p, but Lasmo eased a few* pence to 176p.

Properties sold

*Properties began to look un*settled again as selling revived and support was lacking. A modest rally occurred only in the leaders **Land Securities** ending 4 cheaper *at 211p, after 210p.* Secondary issues closed around the day's lowest and among the more substantial falls, **Property Holdings** dipped 10 to 320p. **Beaumont** reacted 9 to 88p following the annual results and proposed rights issue, while falls of around 7 were established in **Warner Estate**, 128p, **Imry**, 300p, and **Property and Reversionary "A,"** 200p. **Chesterfield**, 295p, and **London Shop**, 63p, gave up 5 and 4 respectively. Adverse Press mention prompted selling of **Intereuropean**, which fell to 29 before settling at 30p for a net fall of 3.

Small falls were commonplace in Investment Trusts. **Scottish and Continental Investment**, at 61½p, gave up 2½ of the previous day's rise of 20 which followed news that the company is considering liquidation or unitisation. **Second Alliance Trust** eased 3 to 189p, while similar losses were seen in *Scottish Mortgage, 99½p, and Scottish National, 129p.* Capital issues had **New Throgmorton** 3 off at 86p and **Derby Trust** 4 cheaper at 154p. Reflecting investment premium influences, **International Pacific Securities** hardened 3 to 127p and **Massachussetts Mortgage and Realty** moved up 25 to 955p.

Shippings presented an easier bias. **Hunting Gibson** fell 11 to 204p on small selling in a thin market, while **Furness Withy** reacted 5 to 322p and **British and Commonwealth** 4 to 280p. **P and O Deferred** closed 3 off at 108p.

Textiles had contrasting movements in **Allied**, 2 harder at 136p following the results, and **Courtaulds**, *4 cheaper at 117p in line* with other equity leaders.

In Tobaccos, **BAT Industries Deferred**, at 228p, gave up the previous day's rise of 6 which *followed Press comment on the* results.

Peko-Wallsend strong

Mining markets were featured by the sharp rise in **Peko-Wallsend** following news of the discovery of "significant uranium mineralisa*tion" about 20 kilometres north*-west of the Ranger deposits. Peko-Wallsend's shares were marked up to 430p, and eventually closed at that price, for a day's gain of 35p, *after momentarily slipping back* to 425p. *EZ Industries—Peko's* partner in the find—put on 5 at 165p in sympathy.

Other Australian issues were *encouraged by the performance* of Peko although the other major uranium issue, **Pancontinental**, remained unaltered at 825p. **MIM Holdings** rose 3 to 130p, while **BH South** and **Western Mining** were both 2 better at 72p and 87p respectively.

South African Golds put on a disappointing performance as the *bullion price eased $1.50 to* $174.625 per ounce, despite the record price obtained at Wednesday's International Monetary Fund gold auction. The firmness of the *investment currency premium*, however, enabled prices to show small gains overall with the Gold Mines index 0.7 higher at 153.7.

Marginal Golds continued to attract *speculative support*, notably **Wit. Nigel**, which climbed 6 more to a 1977-78 high of 63p, in response to Cape buying and **Durban Deep**, which advanced 39 *to 359p. Stilfontein rose 7 to 267p* following news that, in conjunction with Buffels, the company intends to spend R60m. on a new plant to extract uranium oxide *from existing waste dumps.*

Premium considerations enabled South African Financials to move ahead. **Union Corporation** were additionally boosted by persistent Cape interest which left the shares 12 higher at 264p.

FINANCIAL TIMES STOCK INDICES

	Feb. 2	Feb. 1	Jan. 31	Jan. 30	Jan. 27	Jan. 26	A year ago
Government Secs.	75.65	76.10	75.61	75.84	76.19	76.37	[illegible]
Fixed Interest	79.16	79.19	79.20	79.44	80.28	80.47	[illegible]
Industrial Ordinary	460.5	469.8	467.0	470.0	477.5	475.8	[illegible]
Gold Mines	153.7	153.0	151.0	154.6	155.0	152.7	[illegible]
Ord. Div. Yield	5.61	5.71	5.75	5.69	5.61	5.64	[illegible]
Earnings Y'ld% (full)*	17.71	17.41	17.48	17.34	17.10	17.19	[illegible]
P/E Ratio (net) (*)	8.00	8.14	8.12	8.17	8.29	8.25	[illegible]
Dealings marked	6,122	5,019	6,538	6,300	6,104	6,012	[illegible]
Equity turnover £m.	—	66.39	72.72	64.96	83.09	83.84	[illegible]
Equity bargains total	—	13,381	12,817	12,366	16,990	14,651	[illegible]

10 a.m. 466.8. 11 a.m. 465.0. Noon 463.4. 1 p.m. 463.3. 2 p.m. 463.3. 3 p.m. 461.3.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. † Nil=7.53.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (1e/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 2	Feb. 1
—Daily		
Gilt-Edged	217.5	207.[illegible]
Industries	199.8	161.[illegible]
Speculative	45.0	36.[illegible]
Totals	139.3	114.[illegible]
5-day Av'rage		
Gilt-Edged	202.9	198.[illegible]
Industrials	194.4	195.[illegible]
Speculative	42.9	48.[illegible]
Totals	131.7	131.[illegible]

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 24	Feb. 6	Apr. 27	May 10
Feb. 7	Feb. 20	May 11	May 23
Feb. 21	Mar. 6	May 25	Jun. 7

For rate indications see end of Share Information Service

Stocks favoured for the call included *Ladbroke* and the Warrants, J. E. Sanger, Wilmot-Breeden, Shell Transport, Capital and Counties Property, Orme Developments, British Land, Hirst Mallinson, Norfolk Capital, BP, Town and City Properties, English Property, St. Piran, Highland Distilleries, Fitch Lovell, Duple International, Mills and Allen, Consolidated Gold Fields, F. C. Finance and National Carbonising. Puts were taken in South Crofty and BP, while doubles were arranged in Inveresk, Lonrho, Consolidated Gold Fields, Shell Transport, Capital and Counties, Town and City Properties, J. Lyons, British Land, Hirst Mallinson, Norfolk Capital, Dunlop, Charterhouse, KCA and Racal Electronics.

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (22)

CHEMICALS (1)
Ransom (Wm.)
DRAPERY & STORES (2)
Ratners Steinberg
ENGINEERING (3)
Brasway W.G.I.
Brooke Tool
HOTELS (2)
Norfolk Cap. Swan Ryan Intl.
INDUSTRIALS (5)
Centreway Russell (A.)
Hamilborne Unochrome
James (John)
INSURANCE (1)
Ennia U K 9pc Pref. Conv.
NEWSPAPERS (1)
Websters Pubs.
PAPER (1)
Olives Paper Mills
TRUSTS (3)
Icofund Lond. Aberdeen Pfd.
Int. Inv. Tst. Jersey
RUBBERS (2)
Bradwall Grand Central
MINES (1)
Wit Nigel

NEW LOWS (4)

FOODS (1)
Wheatsheaf
SHIPPING (1)
P & O Defd.
SOUTH AFRICANS (1)
Abercom
OVERSEAS TRADERS (1)
Hoffnung (S.)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	68	[illegible]
Corpns., Dom. and Foreign Bonds	8	16	[illegible]
Industrials	211	465	[illegible]
Financial and Prop.	47	214	[illegible]
Oils	5	8	[illegible]
Plantations	6	9	[illegible]
Mines	45	27	[illegible]
Recent Issues	2	8	[illegible]
Totals	324	815	[illegible]

STOCK EXCHANGE BUSINESS IN JANUARY

Year makes quiet start

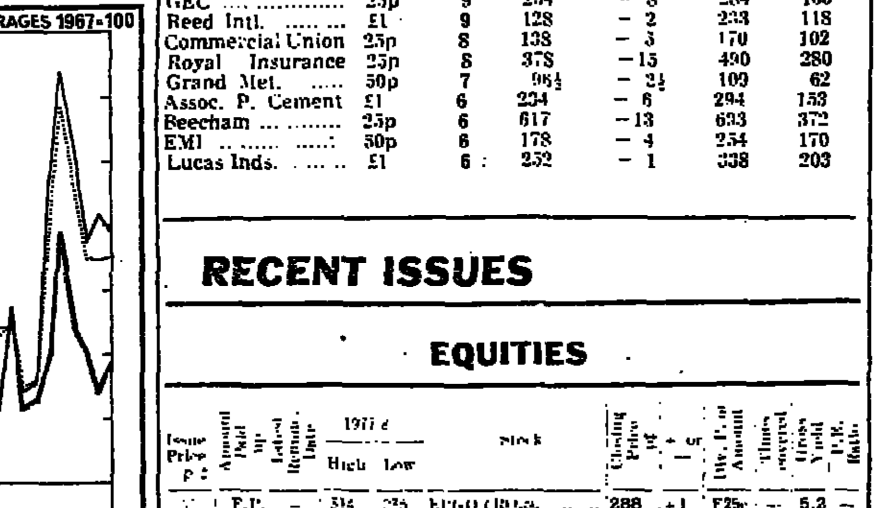
BY GEOFFREY FOSTER

So often the stock market's busiest month, January this year proved to be disappointing in this respect. The number of bargains transacted on the U.K. Stock Exchange was 151,116 higher than in December at *496,079. Total turnover,* however, was up on the month by only £0.6bn. as against rises of £9.6bn. and £7.9bn., respectively, in January last year and in 1976.

The *Financial Times* Stock Exchange turnover index for All Securities edged forward to 451.5 in January from December's 449.7 compared with last year's average of 442.6.

Business in equities rose to £1.6bn. from December's low total of £1.3bn., helped by one more trading day in January.

The number of equity deals improved by 97,762 to 338,276, but the average value per bargain cheapened by £596 to £4,788. The FT turnover index for Ordinary shares rose to 289.0 from December's 231.1 and last year's average monthly figure of 299.9.



Fewer bargains

Equity prices, however, drifted lower during the month with buyers content to sit on the *sidelines. A string of big pay* claims in the public sector, disappointing December trade figures, marked weakness on Wall Street and a £96.4m. fund-raising call by Midland Bank were restraining factors.

From an end-December level of 485.4, the FT 30-share index touched 497.3 on January 6, but then declined in thin trading to close the month 18.4 points, or 3.8 per cent. down, at 467.0. This was nearly 15 per cent. off its all-time peak of 549.2 recorded four months earlier.

Trade in gilt-edged proved especially disappointing. Busi*ness in the sector fell by nearly* £0.5bn. to £11.5bn., with turnover in short-dated stocks contracting £0.4bn. to £6.6bn., while that in other fixed interest securities was £0.9bn. lower at £4.9bn.

The number of gilt-edged bargains fell by 16,262 to 81,893 with dealings in the shorts 5,877 off at 27,589. The FT turnover index for British Government Securities was 489.1 compared with December's 510.3 and the 1977 average of 478.8.

Gilt-edged prices wilted throughout the month. The announcement of a new £800m. long tap issue on a Monday, January 9, rather than on a usual Friday, provided a surprise which unsettled sentiment.

Suffering a bout of acute indigestion, buyers retired and left prices to drift lower throughout the month apart from minor technical rallies.

The Government Securities index fell from an end-December figure of 78.09 to close the month 2.48 points, or 3.2 per cent., lower at 75.61; this compares with the 65-month high of 79.85 recorded last September.

Largely reflecting a near-$10 jump in the price of gold bullion in January to levels last reached in April, 1975, Gold shares began 1978 on a firm note.

The FT Gold Mines index rose 17.8 points (13.4 per cent.) to 151.0 in spite of a net loss in the investment dollar premium over the month.

Category	Value of all purchases and sales £m.	% of total	Number of bargains	% of total	Average value per day £m.	Average value per bargain £	Average no. of bargains per day
British Govt. and British Govt. Guaranteed							
Short Dated (having five years or less to run)	6,594.1	44.8	27,589	5.6	314.0	239,011	1,314
Others	4,962.7	33.7	54,304	10.9	236.3	91,387	2,586
Irish Govt.							
Short Dated (having five years or less to run)	575.9	3.9	2,237	0.5	27.4	257,439	106
Others	239.0	1.6	2,884	0.6	11.4	82,890	137
U.K. Local Authority	545.7	3.7	7,285	1.5	26.0	74,908	347
Overseas Govt. Provincial and Municipal	40.1	0.3	1,671	0.3	1.9	23,981	80
Fixed Interest Stock Preference and Preferred Ordinary Shares	155.8	1.0	61,833	12.4	7.4	2,520	2,944
Ordinary Shares	1,619.7	11.0	338,276	68.2	77.1	4,788	16,108
Total	14,733.0	100	496,079	100	701.6	*29,699	*23,622

* Average of all securities

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
BP	£1	12	773	− 6	966	776
ICI	£1	11	338	− 4	446	325
Midland Bk. 'New'	Nil/pd.	11	12pm	− 3	15pm	11pm
Shell Transport	25p	11	486	− 4	635	454
BATs Defd.	25p	10	228	− 6	260	202
British Leyland	50p	9	25	+ 5	28	17
GEC	25p	9	254	− 8	264	163
Reed Intl.	£1	9	128	− 2	233	118
Commercial Union	25p	8	138	− 5	170	102
Royal Insurance	25p	8	378	−15	490	280
Grand Met.	50p	7	96½	− 2½	109	62
Assoc. P. Cement	£1	6	234	− 6	294	153
Beecham	25p	6	617	−13	633	372
EMI	50p	6	178	− 4	254	170
Lucas Inds.	£1	6	232	− 1	338	203

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	288	+1	[illegible]	[illegible]	5.2	[illegible]
104	F.P.	20/1	[illegible]	[illegible]	[illegible]	123	[illegible]	7.59	2.3	9.5	7.0
52	F.P.	27/1	[illegible]	[illegible]	[illegible]	56	[illegible]	[illegible]	2.7	8.6	6.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Feb. 1, 1978: Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Tues. Jan. 31 Index No.	Mon. Jan. 30 Index No.	Fri. Jan. 27 Index No.	Thurs. Jan. 26 Index No.
1	CAPITAL GOODS (170)	201.58	-1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (27)	181.53	-1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	321.99	-1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (15)	430.45	-2.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (13)	286.61	-0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (72)	158.92	-1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (17)	162.15	-0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (DURABLE) (53)	185.50	-0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio TV (15)	223.27	-1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	171.78	-0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	132.58	-0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (176)	191.55	-1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	211.27	-1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	238.53	-0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (18)	249.56	-2.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (22)	187.42	-1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (16)	185.38	-1.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (13)	326.19	-1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	126.06	-1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (38)	176.90	-2.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	170.89	-2.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	222.27	-1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	99.15	-1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (97)	183.66	-1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (28)	245.91	-1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	243.00	-1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	126.05	-0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	452.38	-1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (54)	195.05	-1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (496)	197.48	-1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (4)	435.40	-0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	217.46	-1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	161.17	-1.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	180.83	-1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	203.77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	159.09	-1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	137.87	-1.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	125.02	-3.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	302.09	-1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	79.05	-1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	236.06	-1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	105.33	-0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	185.69	-0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	88.59	-1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	271.60	-0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	201.46	-1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Feb. 2	Day's change %	xd adj. To-day	xd adj. 1977 to date
1	Under 5 years	103.33	-0.26	—	0.88
2	5-15 years	121.51	-0.62	—	0.96
3	Over 15 years	129.10	-0.70	—	1.34
4	Irredeemables	144.65	-0.34	—	[illegible]
5	All stocks	118.95	-0.51	—	1.01

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Thurs. Feb. 2	Wed. Feb. 1
1	Low Coupons	5 years	7.62	7.55
2		15 years	9.82	9.71
3		25 years	10.38	10.29
4	Medium Coupons	5 years	9.93	9.88
5		15 years	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]
8		15 years	11.71	11.61
9		25 years	[illegible]	[illegible]
10	Irredeemables		11.42	11.38

		Thurs. Feb. 2 Index No.	Yield %	Wed. Feb. 1	Tues. Jan. 31	Mon. Jan. 30	Fri. Jan. 27	Thurs. Jan. 26
15	20-yr. Red. Deb. & Loans (15)	62.59	11.66	62.64	62.64	62.65	62.86	62.97
16	Investment Trust Prefs. (15)	57.15	13.35	57.13	57.03	57.03	57.03	56.94
17	Coml. and Indl. Prefs. (20)	77.86	11.65	77.96	78.03	78.15	78.13	78.05

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

CLIVE INVESTMENTS LIMITED

Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101

Index Guide as at 24th January, 1978 (Base 100 at 14.1.77.)

Clive Fixed Interest Capital	135.06
Clive Fixed Interest Income	124.73

CORAL INDEX: Close 459-464

INSURANCE BASE RATES

† Property Growth	7½%
Cannon Assurance	4½%
† Vanbrugh Guaranteed	6.68%

† Address shown under Insurance and Property Bond Table.

BASE LENDING RATES

A.B.N. Bank	6½%	C. Hoare & Co. †	6½%
Allied Irish Banks Ltd.	6½%	Julian S. Hodge	7½%
American Express Bk.	6½%	Hongkong & Shanghai	6½%
Amro Bank	6½%	Industrial Bk. of Scot.	6½%
A P Bank Ltd.	6½%	Keyser Ullmann	6½%
Henry Ansbacher	6½%	Knowsley & Co. Ltd.	9 %
Banco de Bilbao	6½%	Lloyds Bank	6½%
Bank of Credit & Cmce.	6½%	London & European	8½%
Bank of Cyprus	6½%	London Mercantile	6½%
Bank of N.S.W.	6½%	Midland Bank	6½%
Banque Belge Ltd.	6½%	■ Samuel Montagu	6½%
Banque du Rhone	7 %	■ Morgan Grenfell	6½%
Barclays Bank	6½%	National Westminster	6½%
Barnett Christie Ltd.	8½%	Norwich General Trust	6½%
Bremar Holdings Ltd.	7½%	P. S. Refson & Co.	6½%
Brit. Bank of Mid. East	6½%	Rossminster Accept'cs	6½%
Brown Shipley	6½%	Royal Bk. Canada Trust	6½%
Canada Permanent AFI	6½%	Schlesinger Limited	6½%
Capitol C & C Fin. Ltd.	8 %	E. S. Schwab	8½%
Cayzer Ltd.	7 %	Security Trust Co. Ltd.	7½%
Cedar Holdings	8 %	Shenley Trust	9½%
Charterhouse Japhet	6½%	Standard Chartered	6½%
C. E. Coates	7½%	Trade Dev. Bank	6½%
Consolidated Credits	6½%	Trustee Savings Bank	6½%
Co-operative Bank *	6½%	Twentieth Century Bk.	7½%
Corinthian Securities	6½%	United Bank of Kuwait	6½%
Credit Lyonnais	6½%	Whiteaway Laidlaw	7 %
The Cyprus Popular Bk.	6½%	Williams & Glyn's	6½%
Duncan Lawrie ¶	6½%	Yorkshire Bank	6½%
Eagil Trust	6½%		
English Transcont.	8 %		
First London Secs.	6½%		
First Nat. Fin. Corpn.	8½%		
First Nat. Secs. Ltd.	8 %		
Antony Gibbs	6½%		
Greyhound Guaranty	6½%		
Grindlays Bank ‡	6½%		
Guinness Mahon	6½%		
Hambros Bank	6½%		
Hill Samuel §	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%. 1-month deposits 3¾%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3¼% and over £25,000 4¼%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.
‖ 7-day deposits 3¼%. Rates for Term Deposits over £1,000 negotiable.

FOOD PRICE MOVEMENTS

	Feb. 2 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,030	1,030	1,030
British A.1 per ton	1,005	1,005	1,030
Irish Special per ton	1,005	1,005	1,020
Ulster A.1 per ton†	1,005	1,005	1,030
BUTTER			
NZ per 20 lbs	10.94-11.05	10.94-11.05	10.94-11.05
English per cwt†	63.03-65.27	63.03	63.03
Danish salted per cwt†	70.15-72.41	70.15-71.43	69.15-71.43
CHEESE¶			
NZ per tonne	1,161.50	1,210.50	1,161.50
English cheddar trade per tonne	1,219.42	1,219.42	1,219.42
EGGS*			
Home-produce:			
Size 4	3.80-4.40	3.90-4.40	—
Size 2	4.25-4.80	4.30-4.80	—

	Feb. 2 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scottish killed sides (ex-KKCF)	48.0—50.0	46.0—49.5	46.0—49.0
Eire forequarters	37.0—38.0	33.0—36.0	33.0—35.0
LAMB			
English	46.0—53.0	48.0—52.0	50.0—54.0
NZ PLs-PMs	—	45.0—47.0	47.0—46.0
MUTTON			
English ewes	—	—	—
PORK (all weights)	35.0—41.0	32.0—42.0	34.0—42.0
POULTRY			
Broiler chickens	31.0—35.0	30.0—34.0	30.0—34.0

* London Egg Exchange price per 120 eggs. † Delivered. ¶ For delivery February 4-11.

ManuLife Management Ltd.

St. George's Way, Stevenage. 0438 56101

Growth Units	49.6	52.2	....	3.89

Mayflower Management Co. Ltd.

14/18 Gresham St., EC2V 7AU. 01-606 8092

Income Jan. 24	110.2	116.0	....	7.61
General Jan. 24	71.1	74.8	....	5.75

Mercury Fund Managers Ltd.

30, Gresham St., EC2P 2EB. 01-600 4555

Merc. Gen. Feb. 1	167.1	177.8	....	4.74
Acc. Uts. Feb. 1	214.7	228.4	....	4.74
Merc. Int. Feb. 1	56.1	59.7	....	1.91
Accm. Uts. Feb. 1	60.3	64.1	....	1.91
Merc. Ext. Jan. 26	211.9	220.7xd	....	4.15
Accum. Uts. Jan. 26	252.9	263.4	....	4.15

Midland Bank Group Unit Trust Managers Ltd.♥ (a)

Courtwood House, Silver Street, Head, Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	55.5	59.7	−0.1	6.06
Do. Accum.	63.0	67.8	+0.1	6.06
Growth	32.3	34.5	+0.2	3.55
Do. Accum.	34.2	36.6	+0.2	3.55
Capital	23.8	25.5xd	−0.2	3.86
Do. Accum.	25.7	27.5	....	3.84
Income	47.3	50.6xd	−0.3	6.33
Do. Accum.	53.8	57.6	+0.1	6.33
International	38.7	41.8	+0.4	2.98
Do. Accum.	41.0	44.3	+0.5	2.98
High Yield	59.1	62.9	....	8.20
Do. Accum.	61.0	64.9	−0.1	8.20
Equity Exempt*	103.4	109.1	....	5.26
Do. Accum.*	103.4	109.1	....	5.26

*Prices at Jan. 31. Next dealing Feb. 28

Minster Fund Managers Ltd.

Minster Hse., Arthur St., E.C.4. 01-623 1050

Minster Jan. 30	31.0	36.0	....	5.54
Exempt Dec. 31	85.4	89.4	....	5.92

MLA Unit Trust Mgemnt. Ltd.

Old Queen Street, SW1H 9JG. 01-930 7333

MLA Units	35.1	36.9	....	4.61

Mutual Unit Trust Managers♥ (a)(g)

15, Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	48.6	52.4	....	6.81
Mutual Inc. Tst.	64.9	69.6	....	7.67
Mutual Blue Chip	41.6	44.9	−0.1	6.77
Mutual High Yld.	59.2	63.3	+0.1	8.37

National and Commercial

31, St. Andrew Square, Edinburgh 031-556 9151

Income Feb. 1	142.8	148.0	....	6.02
(Accum. Units)	192.0	199.2	....	6.02
Capt. Feb. 1	121.4	125.8	....	3.36
(Accum. Units)	146.8	152.2	....	3.36

National Provident Inv. Mngrs. Ltd.♥

48, Gracechurch St., EC3P 3HH 01-623 4200

N.P.I. Gth. Un. Tst.	44.4	47.3	....	3.75
(Accum. Units)**	53.3	56.8	....	3.75
NPI O'seas Trust	111.4	117.9	....	3.20
(Accum. Units)*	117.8	124.7	....	3.20

**Prices on Jan. 25. Next dealing Feb. 23.
*Prices Feb. 1. Next dealing Feb. 15.

National Westminster♥(a)

161, Cheapside, EC2V 6EU. 01-606 6060.

Capital (Accum.)	56.9	61.2	−0.3	4.81
Extra Inc.	64.3	69.1	−0.3	7.36
Financial	31.6	34.0xd	−0.4	5.38
Growth Inv.	80.4	86.5xd	−0.4	5.01
Income	34.5	37.1	−0.3	6.55
Portfolio Inv. Fd.	66.2	70.7	−0.6	4.92
Universal Fd.(d)	46.6	50.0	....	3.00

NEL Trust Managers Ltd.♥ (a)(g)

Milton Court, Dorking, Surrey. 5911

Nelstar	58.9	62.0	−0.7	5.40
Nelstar High Inc.	48.8	51.3	−0.5	9.46

For New Court Fund Managers Ltd. see Rothschild Asset Management

Norwich Union Insurance Group (b)

P.O. Box 4, Norwich, NR1 3NG 0603 22200

Group Tst. Fd.	334.1	351.7	−3.4	5.02

Pearl Trust Managers Ltd. (a)(g)(z)

252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd.	22.3	24.0	−0.1	6.03
Accum Units	25.6	27.6	−0.1	6.03
Pearl Inc.	30.3	32.6	−0.3	7.01
Pearl Unit Tst.	33.2	35.7	−0.2	5.14
(Accum. Units)	42.2	45.4	−0.2	5.14

Pelican Units Admin. Ltd. (g)(x)

81 Fountain St., Manchester 061-236 5685

Pelican Units	77.7	83.5	−0.8	5.18

Stewart British Capital Fund

*Standard	125.5	136.0	....	3.75
Accum. Units	142.1	154.1	....	—

Sun Alliance Fund Mngt. Ltd.

Sun Alliance Hse., Horsham. 0403 64141

Exp. Eq. Tst. Jan. 24	£201.50	211.90	....	4.36
♥The Family Fd.	84.9	90.3	−0.1	3.42

Target Tst. Mngrs. Ltd.♥ (a)(g)

31, Gresham St., EC2. Dealings: 0296 5941

Target Commodity	31.6	34.0	−0.2	4.52
Target Financial	57.7	62.7	−1.3	4.51
Target Equity	35.3	38.0	−0.3	6.30
Target Ex. Feb. 1	205.3	212.7	....	6.07
♦Do. Acc. Units	272.2	282.1	....	6.07
Target Gilt Fund	120.2	125.9	....	3.00
Target Growth	28.1	30.3	−0.2	4.89
Target Intl.	22.2	23.9	+0.1	2.23
Do. Reinv. Units	24.2	26.0	+0.1	2.23
Target Inv.	27.9	30.0	−0.3	3.40
Target Pr. Feb. 1	150.0	157.9xd	....	4.45
Tgt. Inc.	28.6	30.8	....	8.94
Tgt. Pref.	14.2	15.7	....	11.13
Coyne Growth Fd.	17.9	18.8	−0.4	4.18

Target Tst. Mgrs. (Scotland) (a)(b)

19, Athol Crescent, Edin. 3. 031-229 8621/2

Target Eagle	22.3	24.1	+0.5	1.42
Target Thistle	38.2	41.1	−0.3	6.09
Extra Income Fd.	60.6	65.2	+0.3	9.76

Trades Union Unit Tst. Managers♥

100, Wood Street, E.C.2 01-628 8011

TUUT Feb. 1	48.9	52.1	....	5.22

Transatlantic and Gen. Secs. Co.♥

91-99 New London Rd. Chelmsford 0245 51651

Barbican Feb. 1	74.4	78.7xd	−2.6	5.82
(Accum. Units)	112.1	118.6	−3.9	5.82
Barb. Euro. Jan. 25	80.1	82.5	....	3.82
Buckm. Feb. 1	73.9	77.8	−2.6	5.82
(Accum. Units)	89.9	94.7	−3.6	5.82
Colemco Jan. 27	119.9	126.6	....	5.10
(Accum. Units)	142.4	150.3	....	5.10
Cumbld. Feb. 1	51.5	54.7	....	6.63
(Accum. Units)	55.0	58.4	....	6.63
Glen Jan. 31	51.0	54.3	....	5.52
(Accum. Units)	64.2	68.5	....	5.52
Marlboro Jan. 31	45.8	48.1	....	2.50
(Accum. Units)	51.7	54.3	....	2.50
Van Gwth. Jan. 31	46.7	49.2	....	3.30
(Accum. Units)	56.9	59.9	....	3.30
Van Hy. Jan. 31	68.5	72.2xd	....	7.58
Vang. Tec. Feb. 1	42.8	44.7	....	6.19
(Accum. Units)	43.2	45.1	....	6.19
Wickmr. Feb. 1	57.2	60.6xd	−1.6	5.25
(Accum. Units)	67.8	71.9	−1.9	5.25
Wick Div. Jan. 27	66.3	69.5	....	8.29
Do. Accum.	73.1	76.6	....	8.29

Tyndall Managers Ltd.♥

18, Canynge Road, Bristol 0272 32241

Income Feb. 1	95.5	100.0	....	7.70
(Accum. Units)	169.4	178.0	....	7.70
Cap. Feb. 1	115.8	121.6	....	4.34
(Accum. Units)	160.6	168.6	....	4.34
Exempt Jan. 25	110.2	115.8	....	7.43
(Accum. Units)	157.0	159.6	....	7.43
Canynge Feb. 1	92.8	97.6	....	5.66
(Accum. Units)	114.2	120.0	....	5.66
Int. Earn. Feb. 1	226.6	238.3	....	5.46
(Accum. Units)	250.8	263.4	....	5.46
Scot. Cap. Feb. 1	130.0	136.6	....	5.09
(Accum. Units)	152.0	159.6	....	5.09
Scot. Inc. Feb. 1	152.8	160.6xd	....	8.94

London Wall Group

Capital Growth	75.5	80.7xd	−0.4	6.24
Do. Accum.	77.2	82.6	−0.3	6.24
Extra Inc. Growth	35.9	38.6	....	9.72
Do. Accum.	40.0	43.0	....	9.72
Financial Priity	16.0	17.2xd	−0.2	4.71
Do. Accum.	19.5	20.9	−0.2	4.71
High Inc. Priority	58.6	63.0	−0.3	8.27
London Wall Int.	25.7	27.6	−0.2	5.12
Special Sits.	28.5	30.4	....	5.00

TSB Unit Trusts (y)

21, Chantry Way, Andover, Hants. 0264 62188
Dealings to 0264 63432-3

(b)TSB General	41.6	44.5xd	−0.4	3.78
(b) Do. Accum.	52.6	56.3	−0.5	3.78
(b) TSB Income	57.6	61.2	−0.3	7.26
(b) Do. Accum.	58.7	62.5	−0.2	7.26
TSB Scottish	71.3	75.9	−0.1	2.85
(b) Do. Accum.	75.7	80.6	....	2.85

Ulster Bank♥ (a)

Waring Street, Belfast 0232 35231

(b)Ulster Growth	35.8	38.5xd	−0.3	4.77

Unit Trust Account & Mgmt. Ltd.

King William St. EC4R 9AR 01-623 4951

Friars Hse. Fund	144.0	152.0xd	....	4.47
Wieler Grth. Fnd.	29.7	31.3	....	3.30
Do. Accum.	33.7	35.5	....	3.30

Wieler Growth Fund

King William St. EC4R 9AR 01-623 4951

Income Units	29.7	31.3	....	3.30
Accum. Units	33.7	35.5	....	3.30

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
101⅜	95½	Treasury 9pc 1978‡‡	100½	–⅛	8.97	6.03
104⅛	97⅜	Treasury 10½pc '78‡‡	102⅜		10.26	5.21
100⅛	90⅜	Exch. 5pc '76-78‡‡	99⅝		5.02	5.58
107	95⅛	Treasury 11½pc '79‡‡	104⅜xd	–⅛	11.0	7.09
97¾	84⅝	Treasury 3pc '79‡‡	95	–⅛	3.16	6.29
98¾	85⅛	Electric 4½pc '74-79	96⅛	–⅛	4.42	6.77
106⅜	92	Treasury 10½pc '79‡‡	103⅜	–⅛	10.15	8.29
97⅞	84½	Electric 3½pc '76-79	95	–⅛	3.68	6.51
107	87¾	Treasury 9pc 1980‡‡	101⅛xd	–⅛	8.90	8.42
105¾	88⅞	Treasury 9½pc '80‡‡	101½	–⅛	9.36	8.75
96	82⅞	Treasury 3½pc '77-80	93¾	–⅛	3.73	6.39
98¼	83⅜	Funding 5¼pc '78-80‡‡	94⅝	–⅛	5.55	7.78
112⅜	96⅜	Exchequer 13pc 1980‡‡	107⅜	–⅛	12.04	9.67
106⅜	92⅜	Treasury 11½pc 1981‡‡	104½	–⅛	11.01	9.70
94¼	77⅞	Treasury 3¼pc 1979-81	90¾xd	–⅛	3.86	6.94
104	86⅜	Treasury 9¾pc 1981‡‡	100⅛	–⅛	9.74	9.72
97⅜	95⅜	Exch. 8¼pc 1981	96	–⅛	8.59	9.66
103½	97⅛	Exch. 9½pc 1981	99⅜xd	–½	9.54	9.67
92⅛	87⅜	Exch. 3pc 1981	87¾xd		3.42	6.97
98¾	96⅛	Treas. Variable '81‡‡	96½		6.50	7.32
113⅜	96⅜	Exch. 12¼pc 1981‡‡	108½	–⅛	11.75	9.98
100⅝	82⅞	Treas. 8½pc '80-82‡‡	96⅜	–⅛	8.79	9.50
93⅛	71⅝	Treasury 3pc '82‡‡	84⅞xd	–¼	3.54	7.41
119⅜	101½	Treasury 14pc '82‡‡	112⅜	–⅝	12.42	10.16
98½	95¾	Treas. Variable '82‡‡	95⅜	–⅛	6.54	7.36
98⅝	93⅝	Treasury 8¼pc '82	94⅜	–½	8.72	9.80
102⅛	93⅝	Exch. 9¼pc 1982	97⅜	–⅛	9.48	9.91

Five to Fifteen Years

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
87⅞	81¼	Exch. 3pc '83	81¾xd	–½	3.66	7.36
114¼	95½	Treasury 12pc 1983‡‡	112½	–⅛	11.16	10.07
101⅜	96½	Treasury 9¼pc '83	97⅜	–¼	9.54	9.99
95½	72⅝	Funding 5½pc '82-84‡‡	87⅛	–½	6.33	8.35
100¾	77½	Treasury 8½pc '84-86‡‡	94⅝	–½	9.04	9.54
87⅞	66¼	Funding 6½pc '85-87‡‡	85½	–½	7.79	9.20
94	68½	Treasury 7¾pc '85-88‡‡	86⅞	–⅝	8.94	9.88
74⅜	49½	Transport 3pc '78-88	65⅝	–⅝	4.59	7.96
76¼	53⅞	Treasury 5pc '86-89	72¼	–⅝	7.07	9.12
121¼	90	Treasury 13pc 1990‡‡	111⅝	–¾	11.72	11.30
94¾	67½	Treasury 8¼pc '87-90‡‡	86¾	–⅝	9.64	10.33

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 32½% (based on $US1.9496 per £)

Conversion factor 0.7543 (0.7670)

CANADIANS

[illegible]

S.E. List Premium 32½% (based on $2.1650 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
195	70	Falcon Rh 50c	185	+2	Q50c	1.3	25.2
24	9	Rhod'n Corp. 16½p.	22	−1	0.57	4.3	3.9
165	52	Roan Cons. K4	60	......	—	—	—
164	115	Tanganyika 50p	134	......	Q11.0	1.1	8.2

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
9½	9	Burma Mines 17½p.	9	......	—	—	—
115	58	Colby Mines SC1	80	+1	—	—	—
600	225	Cons. Murch. 10c	250	+5	Q30c	φ	‡
475	250	Northgate C$1	255	......	—	—	—
247	173	R.T.Z.	173	−3	t8.5	q3.1	7.4
70	28½	Sabina Inds. C$1	36	−1	—	—	—
£14¾	800	Tara Expln. $1	820	+20	—	—	—
55	39	Tehidy Minerals 10p	45	......	1.21	2.5	4.1
160	121	Yukon Cons. C$1	127	......	Q7c	φ	3.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ▲ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ● Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	17	......
Bdg'wtr. Est. 50p	278	−5
Clover Croft	22	......
Craig & Rose £1	400	......
Dyson (R.A.)	37	......
Ellis & McHdy.	68	......
Evans Fr'k 10p.	58xd	......
Evered	17	......
Fife Forge	47	......
Finlay Pkg. 5p	20½	......
Graig Ship. £1	240	......
Higsons Brew	83	......
I.O.M. Stm. £1	137xd	+2
Holt (Jos.) 25p	245	......
Nthn. Goldsmith	66	......
Pearce (C. H.)	130	......
Peel Mills	17	......
Sheffield Brick	47	......
Sheff. Refrshmt.	50	......
Shiloh Spinn	19	......
Sindall (Wm.)	85	......

IRISH

Conv. 9% '80/82.	£97¼	......
Alliance Gas	70	......
Arnott	325	......
Carroll (P.J.)	105	−5
Clondalkin	85	......
Concrete Prods.	125	......
Heiton (Hldgs.)	52	+1
Ins. Corp.	165	......
Irish Ropes	120	......
Jacob	60	......
Sunbeam	27	+1
T.M.G.	175	......
Unidare	70	......

OPTIONS
3-month Call Rates

Industrials	
A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	10
Barclays Bank.	25
Beecham	38
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	13
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	23
"Imps"	7
I.C.L.	20
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lots"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	13
"Mams"	7
Mrks. & Spncr.	11
Midland Bank	25
N.E.I.	20
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	10
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	14
Spillers	4
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6

Property	
Brit. Land	3¾
Cap. Counties	5
E.P.	5
Intereuropean	4
Land Secs.	19
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2

Oils	
Brit. Petroleum	35
Burmah Oil	7
Charterhall	3½
Shell	28
Ultramar	22

Mines	
Charter Cons.	12
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday February 3 1978

Many top managers 'demoralised'

BY NICHOLAS LESLIE

TOP managers have become demoralised and many would consider taking a job abroad if the opportunity arose. This was *the message from a survey pub*lished yesterday into the motivation of top British management.

Senior managament in many major industrial companies welcomed the survey as evidence of the general plight of top managers. They hope that it would at least influence the Chancellor to cut direct taxation in the Budget.

Mr. Jim Prior, Tory Employment spokesman, said a useful *first step to improving the* managers' lot would be "tax reductions," but the general level of State intervention in their lives "and attitudes towards *them," should also be considered.*

The survey, by Opinion Research Centre, follows a similar one covering a broader spectrum of management, the findings of which were published at the beginning of last year. This time, only top management earning over *£12,000* a year gross and selected from large companies in The Times 1,000 list, were included.

Seventy-two per cent. said they would consider working abroad, more than the 52 per cent. of the larger sample who made a simi*lar response in the last survey.* However, only 27 per cent. said they would look for a job overseas within the next three years, *a response which some company directors yesterday interpreted* to mean that the managers concerned were probably of an age where they felt it too late to take *the step.*

The survey found that senior managers were reluctant to move within the U.K. to promotion—*some even refusing offers of* £5,000 more a year.

They believed they were discriminated against by the *Government and strongly dis*liked the proposed wealth tax, surcharge on investment and capital transfer tax.

A survey of the Motivation of Top British Management, Opinion Research Centre, 30 Welbeck Street, London, W.1.

Details Page 13

Budget plan to provide relief on employee shareholdings

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE LIBERAL Party yesterday achieved its most significant impact on Government policy as a result of the Lib-Lab pact *when the Government published* proposals for tax concessions on employee share ownership schemes which it said would be included in the next Finance Bill.

The proposals were issued by the Inland Revenue and covered three alternative methods of encouraging—but not enforcing—the share ownership form of profit sharing.

The one designed by the Liberal Party, and the most likely runner for the Spring Budget and Finance Bill, is *based on a substantial income* tax concession with a trust holding share allocations of up to £500 a year for five years or more.

A second, proposed by the Inland Revenue but not opposed by the Liberals if the Govern*ment wants to put two options* in the Finance Bill is based on shares being made available at a discounted price coupled with a capital gains tax advantage. The third scheme involves employees buying their own shares and is likely to gather little political support.

This acceptance by the Govern*ment of an idea which has never* been part of Labour Party policy and has never been actively called for by leaders of either *side of industry brought mixed* reactions from the CBI and TUC.

The CBI, whose unemployment policy committee recently decided that it did not regard the issue as being of primary importance to employee participation, pointed out that its Budget representations last year broadly backed tax incentives for employee share ownership schemes. It said it therefore welcomed publication of the proposals.

But Mr. Len Murray, general secretary of the TUC, whose unions have never favoured such ideas, said he doubted whether there would be much enthusiastic support from trade unionists.

He also said the move contrasted "unfavourably" with the lack of progress on the Bullock Report's worker-director ideas.

Nevertheless it is clear that, because of the unions' interest in keeping the Labour Government in power, they are prepared to help the Lib-Lab pact by not mounting any significant opposition.

Although Sir Geoffrey Howe, Shadow Chancellor, complained that the proposals were only a pale imitation of year-old Tory plans, the Liberal Party's enthusiasm was evident from the ebullience of Mr. John Pardoe.

While the Government contented itself with a statement in the Commons by Mr. Joel Barnett, Chief Secretary to the Treasury, which confirmed that the measures would be in the Finance Bill, Mr. Pardoe declared that "profit sharing is certainly *a most subversive concept—and* subversive as much to hidebound capitalism as to traditional socialism."

Liberals have backed the idea for more than 50 years and it is now clear that in the next general election campaign they will link yesterday's document with other tax concessions expected in the Budget as evidence of the constructive impact of their pact with the Government.

However, Mr. Pardoe admitted that it would be possible for any future wage legislation to reduce the effect of Finance Bill provisions by freezing any new schemes as part of pay restraint, even though he said that profit sharing was a "very self financing form of productivity deal."

Details Page 6: Editorial Comment Feature Page 16

U.K. reserves rise to $20.87bn.

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE U.K.'s official reserves rose by $311m. (£159m.) last month to $20.87bn. (£10.60bn.). The underlying increase remained at the same modest level as in the previous two months, after last October's decision to allow sterling to float.

The end-January reserves figures may be the last for a few months to show a rise in the gross total. This is because any underlying inflow may be offset by outflows associated with the programme of large scale early repayment of official debt.

Last month, there was still a *small* rise in public sector borrowings from overseas. A $20m. prepayment by the South of Scotland Electricity Board was offset by new loans of $93m., mainly from the European *Investment Bank.*

This left an underlying inflow of $238m. in January, compared with $257m. and *$183m. in the previous two* months. This was well down on an increase of $3bn. in October, when the pound was being *held down in* face of large inflows. The recent rises in the reserves broadly correspond in size with the level of the current account surplus.

The Government has decided to take advantage of the improvement in the current account and *the fixed-fold rise* in the reserves in the past year to repay early some of the $20bn. due by 1984.

Early - repayments totalling $1.6bn. are in the pipeline, including $1bn. to the International Monetary Fund. A $500m. *Electricity Council* loan is likely to be repaid this month.

Total repayments this year are *likely to be* more than $3bn., slightly more than the expected current account surplus of just under this figure.

In addition, the Government is seeking new loans not maturing until the late 1980s to spread the burden of repay*ment* beyond the peak dates of 1979-82.

The reserve figures suggest *that almost* the whole demand for sterling at the start of the month was reflected in a rise in the rate—which jumped 7½ cents to a peak of $1.9930 in two days

After sharp oscillations in the rate in early January, including a 12 cent gap between high and low point on *the day of the announcement* of the swap arrangements for the dollar, sterling settled down in a narrower range.

But the trade-weighted index has been rising in the last 10 days.

President Sadat leaves for tour of West

By Roger Matthews

CAIRO, Feb. 2.

PRESIDENT ANWAR Sadat left Cairo to-day on a 13-day, eight-nation tour to the U.S. and *Western Europe* which officials here see as the start of a new and probably critical phase in the search for peace in the *Middle East.*

The trip coincides with the summit meeting in Algiers of those states which oppose President *Sadat's peace initiative.*

Mr. Sadat stopped off in Morocco to-night to see King Hassan. He will then concen*trate his attention on those* countries — mainly the United States—which might be able to influence Israel.

His talks with President Carter come two and a-half weeks after the abrupt ending of the direct political negotiations between Egypt and Israel.

As Mr. Sadat feels strongly that he cannot offer anything more to Israel, in Egypt's view the next move, if there is to be one, has to come from Jerusalem.

Lecture tour

This is certain to occupy most of the conversations between the two presidents at Camp David this week-end.

Mr. Moshe Dayan, the Israeli Foreign Minister—well aware of *the battle for American public* opinion—has hurriedly arranged a coast-to-coast lecture tour starting next Wedesday, the day that *Mr. Sadat leaves the country.*

Diplomats here do not expect Mr. Carter will have anything to offer immediately which will assure Mr. Sadat of maintaining his momentum. Mr. Carter is likely to advise patience and cautious step-by-step diplomacy that in the first instance will seek to discover a more precise wording for a declaration of principles to govern future negotiations.

All three parties to the Jerusalem political talks have veered *sharply away from a loosely* defined set of principles because of the level of distrust between Egypt and Israel. There is now *a desire for a tight definition of* principles which will necessarily delay the process still further and perhaps make it impossible *to conclude.*

Saudis, Egypt agree, Page 4

Continued from Page 1

Jobless warning

But he gave a warning that "we do not live in a world where a unilateral imposition of import *controls would work and if the* whole world does it the U.K. will be worse off, since we are still net exporters."

He replied to criticisms that the Treasury projection of a 3 per cent. growth in underlying productive potential was too low *by pointing out that after the* effect of the 1973-74 crisis it would take a while to get back to past trend *rate* of increase.

However, on this assumption and a projected 3½ per cent. annual growth in output, there should be a fall in unemploy*ment after a time lag.* Mr. Cassell gave another warning that the decline would not be rapid and it would not be enough *to reduce the total (now 1.4m.)* to less than 1m. in 1982 on the basis of existing industrial performance.

On the short-term prospects, Mr. Cassell would not be drawn on any changes to the Treasury forecasts since last October or how large a stimulus might be *required to* boost the *growth rate* to 3½ per cent.

There were signs that the economy was beginning to turn *round and pick up with real in*comes, consumption and investment rising. But export growth had "flattened off a bit" recently *and the growth of manufactured* imports was "disturbing."

Taken together, he thought the underlying improvement in demand *should be reflected* before long in output although whether this would be sufficient to reach the 3½ per cent. growth *rate would have to be looked at* carefully in the forecasts.

Inland Revenue calls for tax computers

BY LYNTON McLAIN, INDUSTRIAL STAFF

THE long-delayed computerisation of the income tax system is an "essential preliminary" to radical changes in tax structures and the way taxes are collected, says the Inland Revenue in its annual report, published yesterday.

The present "manually operated" PAYE system was *tested to its "operational limit"* last year, and would break down if overloaded. It simply cannot cope with some problems, the report says.

"It is not entirely light-hearted to compare the PAYE system to a vintage Rolls-Royce which the Revenue laboriously if not lovingly maintains, which the employer is required to drive at his own cost, and in which the taxpayer rides in reasonable *comfort and for free, or at any* rate most taxpayers for most of the time."

Computerisation of the *income-tax system was first* proposed by the Inland Revenue in the early 1960s, but only one PAYE office, at East Kilbride, *Scotland, was computerised.*

A working party said last year that no more large computerised centres should be built because of high cost.

Yesterday's report said that the Revenue was "vigorously pressing ahead" with planning an alternative fully automated computer system based on existing regional offices. Given an early go-ahead, it might be operational by 1985.

The need was to eliminate laborious and costly elements in the present system. In 1977 Inland Revenue staff worked 2.5m. hours of overtime to cope with tax changes. In the 1976-1977 tax year 2,750 more man-years were worked than in the previous year.

PAYE could not cope with, for example, taxing short-term social security benefits as proposed by some politicians, or implementing tax changes in the secod half of a financial year.

Computers could bring various proposals for the reform of the *tax system one step nearer.*

PAYE was very labour-intensive and expensive to Revenue and employers, but cheap to the *taxpayer.*

Computerisation would reverse this, helping the Revenue and the employers, but placing more work on the employee if, for example, a self-assessment *system, made possible by intro*duction of computers, were instituted.

Self-assessment is seen by the Revenue as a "very important option." The Revenue would audit only a few cases, with a subsequent cut in the work load. The report points to the U.S., where, with only one annual, contact between employer and *tax office, it costs £1 to collect* £100 of tax, compared with £2 in Britain.

The report envisages auto*matic and substantial penalties* to make taxpayers complete income returns and pay tax.

No one could count on having the *correct* liability deducted from his pay in a year. Such cases would be the exception, not the rule.

The report shows that 1m. fewer people paid income tax in 1977-78 than in the previous year.

120th Report of the Board of Inland Revenue. Command 7092 SO £1.10.

Home workers' dispute Page 8

Security markets curb plan soon

BY MARGARET REID

PROPOSALS for the long-expected *new voluntary* supervisory body to oversee Britain's securities markets are to be put before the City associations, *representing the stock market,* banks, investing institutions and others, in the next few days.

The basic structure which the *organisations are to be asked* to consider will consist of a new Council for the Securities Industry, with two operational arms.

One of them is envisaged as a body to frame rules of conduct, not only for take-overs but for a wider range of activities in stock and share markets.

The other is likely to be the disciplinary aims to enforce the code of conduct, which might be described as the City Take-over Panel — the present referee of bid affairs—writ large.

A public announcement on the new council, designed to re-inforce the self-regulation of the City and business, could be expected from the Governor of the *Bank of England, Mr. Gordon* Richardson, by the end of March.

A point of interest in the proposals is that they envisage the accountancy bodies *involved* in the organisation.

The impetus behind the new initiative, which has recently been discussed between Mr. Richardson and Mr. Edmund Dell, the Trade Secretary, as part of a continuing process of consultation, has largely been a desire to prevent, as far as possible, City scandals in the future.

Methods of financing the new body, which, including the successor of the Take-over Panel, *may cost up to £½m.-£¾m. a year,* may need further discussion.

One idea being discussed is that there might be a contribu*tion from the Bank of England,* which pays a substantial part of the panel's cost.

Another thought is that an element of the existing Government duty on security transactions might be put aside to meet a part of the costs of the new body.

One question about the new supervisory apparatus is who should preside over it. One candidate would be Lord Shawcross, the former Attorney-General, who has headed the Take-over Panel — a successful venture in voluntary supervision since its creation in 1969. Lord Shawcross however, is 76 to-morrow. The alternatives appear to be for him to be chairman for a year or two until his retirement or for it to be started with a younger chairman, perhaps a judge.

Before a final decision or an announcement on the council project is made, the City will doubtless want to make sure that it is acceptable to the Government, within which some Ministers would probably prefer a regulatory body with legal teeth.

Airco talks may bring rival bid

BY STEWART FLEMING

NEW YORK, Feb. 2.

THE U.S. associate of BOC International, Airco, is already engaged in talks with companies which may be prepared to mount a rival takeover offer to the proposal BOC put to the AIRCO Board a week ago.

This emerged in a formal statement following a three and a half hour Airco Board meeting *at the company's Montvale, New* Jersey headquarters. The meeting was attended by BOC's three representatives on the Airco Board.

At the end of the meeting, Airco announced that the company had filed a suit in a Delaware court, seeking to overturn BOC's purchase of 1.8m. Airco shares through a tender offer.

Airco said its objective was to force BOC to return the shares to Airco shareholders, so they could sell them to any rival bidder at a price above the $43 a share which BOC has said it will offer.

The Airco statement under*lined the widening rift between* the two companies. BOC responded by saying that it had bought 1.8m. shares — *which increased its stake in Airco* from 34 per cent. to 49 per cent. *and said it intended to fight the* suit.

Speculation about the prospects of Airco finding a "white knight" or rival to rescue it from BOC is consuming Wall Street abitrageurs, who speculate in takeover situations.

One view is that BOC's position could be close to impregnable unless Airco can get BOC's *purchase* of the 1.8m. share rescinded, partly because a company of the size needed to take-over Airco will not want to get *involved in a battle with odds* so heavily stacked against it.

Not high

On the other hand, at $43 a share the current prospective offer for Airco which values the company at around $530m. is not a high price for a company of Airco's size and recent earnings record.

Sir Leslie Smith, BOC chairman, said that the company was completely confident that in its recent tender for 1.8m. Airco shares it had fully complied with applicable laws. He added that in no circumstances would BOC sell its 49 per cent. stake, or any part of it.

THE LEX COLUMN

Eurosterling come back to life

The Eurosterling bond market, which before Christmas seemed to be in danger of being snuffed out at an early stage, is now crackling merrily back *into life. The European Invest*ment Bank and Rowntree Mackintosh started things moving a fortnight ago, and this week has seen first Sears and now INA, the U.S. insurance giant, coming in for money. Together these issues add up to £78m., and more are expected in the next day or so.

INA, which is raising £20m., *plans to use the money* to increase its underwriting capacity in the U.K.

Currency expectations have *played* a *big* part in this revival. There is virtually no new issue activity in the Eurodollar market at present, and on the other side of the coin Deutschemark issues are moving ahead strongly. Meanwhile the secondary market in last November's Eurosterling issues, which was initially very weak, has been recovering gradually.

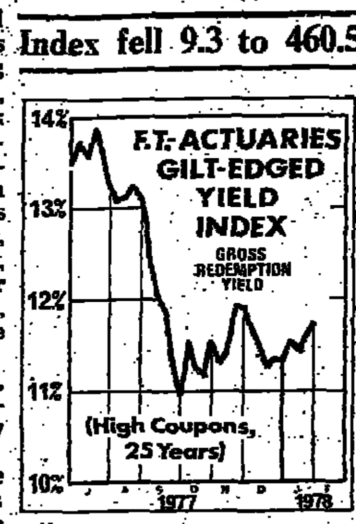
It is still fragile, however, and could certainly be knocked sideways if there were to be a *repeat of last November's* sudden flood of issues. At that time six borrowers raised £120m. in the space of a few days. Although no formal queue has subsequently been organised by the Bank of England, *issuing houses* claim hopefully that their liaison work has improved. Whether this co-operation would continue if there were to be any sign of a stampede for sterling issues is another matter.

Profit sharing

There is a great need to find new ways of encouraging savers to come back into the company securities markets. So it is a pity that effort is diverted into *the kind of profit sharing* schemes for employees proposed in yesterday's discussion paper from the Inland Revenue. The provision of tax reliefs for this kind of share purchase scheme is just another recipe for restrictive investment which —added to those tax concessions already available for house ownership, pension schemes and life assurance—would raise yet another obstacle to the free working of the capital markets.

At the practical level there are no real clues as to what type of schemes are likely to be favoured. Most existing profit-

Index fell 9.3 to 460.5



sharing schemes rely on the creation of new shares in the company, naturally involving some dilution of existing shareholders' interests. A few rely on the purchase of shares already in issue, which has the effect of supporting the share price. What is not clear is how any type of scheme could successfully be applied to unlisted companies, while of course all of those employed outside the corporate sector would inevitably be completely excluded.

Share incentive schemes are fine when those individuals benefiting play a significant role in the overall development of the company. Schemes which *leave the fortunes of the aver*age employee dependent on whether someone else happens to be running the company well or badly have little to be said for them. They might even intensify workers' alienation in an ailing company.

Allied Textile

In the early 1970s Allied Textile cut back heavily on its low margin, high volume business with the U.K. menswear trade—and the benefits are still showing up its profits. Its pre-tax total for the year to September is up from £2.2m. to just over *£3m. before a once off-payment* to the pension fund—and the main feature is the continuing growth in high margin export sales.

These increased from a quarter to a third of group sales last year, and they could rise to half the total this year, pushing overall turnover up from £31m. to nearly £40m. A high *proportion of customers are in* hard currency countries, so the strength of sterling is not a problem, and overseas sales of bulk worsteds for uniform beginning to rival its bu in premium grades. The are supported by a stron ance sheet, and yield over cent. at 136p.

NEB/Allied

Suggestions from son those concerned with the for Allied Investments by sortium headed by the Na *Enterprise Board that o* shareholders should co staying with the co appear to have been dr The original argument wa some shareholders might worth while to pass up th *cash terms* in order to p pate in the further adve of this high risk, high operation.

The offer has been structed so as to become ditional at only a 51 per acceptance level, apparen avoid any impression that were being twisted, and th three institutions invo Orion Bank, Commercial and *London Trust*—ha opportunity to stay in would not have been av to others if the normal cent. acceptance conditio been insisted upon. But offer document which ap last week-end shareholder recommended to accept, Board, and were told to c professional advisers befo ciding to retain holdings.

Moreover it emerged th institutions had negotiate options, which could the NEB to buy their sha United Medical Enterpris new top company, on a fo basis in between two-and years' time. The appare planation is that the i tions do not like being into a minority position.

One reason for the hart of opinion in favour of *ance is the unexpectedl* profits performance, w small loss recorded in t months to October (there forecast for the full Moreover there has bee attempt to indicate the *sibile profits to be earnec* the much trumpeted Sauc pitals contract: remunerat some £31m. over 3½ year not allow for "related Shareholders may be an at this omission; a wider will hope that commercial ence, rather than ignoran the reason for the reticence.

Weather

U.K. TO-DAY

MANY CENTRAL, Eastern and Northern areas of England will be bright with isolated showers. Wales and Western and Southern areas of England will be cloudy with outbreaks of rain.

London, E. Anglia, E. Midlands, East, Northern, N.W.

Fog patches and frost early. Bright intervals, showers. Wind, variable, light. Max. 6C (43F).

S.E., Central Southern, W. Midlands, N. Wales

Cloudy, rain later. Wind westerly, light or moderate. Max. 7C (45F).

Channel Islands, S.W., S. Wales

Cloudy, occasional rain. Wind S.W. moderate or fresh. Max. 9C (48F).

Scotland

Showers locally, heavy and snow over hills. Wind S.W. moderate. Max. 3C to 5C (37F to 41F).

Week-end outlook: Mostly rather cold with rain in places and snow chiefly over high ground, local fog and frost. Becoming milder in the South West.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsterdm.	C	1	34	Luxembrg.	R	3	37
Athens	S	12	53	Madrid	C	12	54
Bahrain	S	22	71	Manchstr.	C	6	43
Barcelona	C	15	59	Melbourne	F	23	74
Belfast	S	5	41	Milan	C	1	34
Belgrade	F	8	46	Moscow	S	—11	12
Berlin	C	3	37	Munich	Sl	2	36
Birmghm.	R	6	43	Newcastle	R	3	37
Bristol	C	7	45	New York	C	—20	—4
Brussels	C	3	37	Oslo	Sn	—1	30
Budapest	C	3	37	Paris	C	7	45
B. Aires	S	25	77	Perth	F	30	86
Cardiff	C	6	43	Prague	Sn	0	32
Cairo	S	26	79	Reykjavik	S	—1	30
Cologne	R	3	37	Rio de J'o.	S	30	86
Copnhagn.	C	2	36	Rome	C	12	54
Dublin	S	6	43	Singapore	S	29	84
Edinburgh	R	3	37	Stockholm	Sn	0	32
Geneva	Sl	3	37	Strasbrg.	C	6	43
Glasgow	C	6	43	Sydney	C	24	75
Helsinki	Sn	—6	21	Toronto	C	—8	17
Lisbon	C	14	57	Vienna	C	0	32
London	R	6	43				

HOLIDAY RESORTS

Ajaccio	C	11	52	Istanbul	C	11	52
Algiers	F	18	64	Jersey	F	5	41
Biarritz	C	10	50	Jo'burg.	C	25	77
Blackpool	C	6	43	Las Plms.	F	19	66
Bordeaux	F	10	50	Locarno	F	2	36
Boulogne	R	4	39	Majorca	C	13	55
Cape Town	C	22	72	Malaga	S	18	64
Casblnca.	F	16	61	Malta	C	15	59
Corfu	C	11	52	Naples	C	10	50
Dubrovnik	C	7	45	Nice	S	16	61
Faro	S	16	61	Oporto	C	13	55
Florence	S	9	48	Rhodes	R	10	50
Funchal	C	16	61	Salzburg	C	4	39
Gibraltar	S	17	63	Tangier	C	16	61
Guernsey	S	8	46	Tenerife	C	14	57
Hong Kong	C	15	59	Tunis	C	15	59
Innsbruck	F	1	34	Valencia	F	19	66
Inverness	R	4	39	Venice	C	3	37

R—Rain. F—Fair. S—Sunny. C—Cloudy. Sn—Snow. Sl—Sleet.

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